

**ENROLLED BILL**

-- Finance/Health and Government Operations --

Introduced by ~~Senator Middleton~~ **Senators Middleton, Astle, Exum, Gladden,  
Hafer, Hooper, Kelley, Klausmeier, Pipkin, and Teitelbaum**

Read and Examined by Proofreaders:

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Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Insurance - Interstate Insurance Product Regulation Compact**

3 FOR the purpose of entering the State of Maryland in the Interstate Insurance  
4 Product Regulation Compact; specifying the purposes of the Compact; providing  
5 for the creation of the Interstate Insurance Product Regulation Commission as a  
6 body corporate and politic and an instrumentality of the compacting states;  
7 specifying the membership, powers, and duties of the Commission; providing for  
8 committees, officers, and employees of the Commission; specifying certain rule  
9 making authority of the Commission; requiring the Commission to promulgate  
10 certain rules relating to the Commission's records; providing for the resolution of  
11 certain disputes; specifying a process for the filing and approval of certain  
12 insurance products; establishing certain appeal and hearing rights; authorizing  
13 the Commission to accept certain funding and collect certain fees; requiring the  
14 Commission to keep certain financial accounts and records; providing that the  
15 Commission shall not be subject to certain taxes; providing that any state is  
16 eligible to become a compacting state; specifying when the Compact and the

1 Commission are effective; providing for the withdrawal of a compacting state  
 2 from the Compact and reinstatement of a withdrawing state; requiring the  
 3 Commission to take certain actions in the event of certain defaults by a  
 4 compacting state; providing for the dissolution of the Compact; specifying the  
 5 effect of the Compact on other laws of a compacting state; specifying that the  
 6 provisions of the Compact are severable; providing for the construction of the  
 7 Compact; appointing the Maryland Insurance Commissioner as the State's  
 8 representative to the Commission; defining certain terms; *establishing a Task*  
 9 *Force on the Interstate Insurance Product Regulation Compact; establishing the*  
 10 *duties of the Task Force; requiring the Task Force to issue a certain report on or*  
 11 *before a certain date; providing for the termination of certain provisions of this*  
 12 *Act; providing for the effective dates of this Act; and generally relating to the*  
 13 Interstate Insurance Product Regulation Compact.

14 BY adding to  
 15 Article - Insurance  
 16 Section 29-101 and 29-102 to be under the new title "Title 29. Interstate  
 17 Insurance Product Regulation Compact"  
 18 Annotated Code of Maryland  
 19 (2002 Replacement Volume and 2004 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article - Insurance**

23 TITLE 29. INTERSTATE INSURANCE PRODUCT REGULATION COMPACT.

24 29-101.

25 THE STATE OF MARYLAND HEREBY ENTERS THE INTERSTATE INSURANCE  
 26 PRODUCT REGULATION COMPACT AS SET FORTH IN THIS SECTION. THE COMPACT  
 27 SHALL TAKE EFFECT IN ACCORDANCE WITH ARTICLE XIII OF THE COMPACT. THE  
 28 TEXT OF THE COMPACT IS AS FOLLOWS:

29 ARTICLE I. PURPOSES.

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

32 1. TO PROMOTE AND PROTECT THE INTEREST OF CONSUMERS OF  
 33 INDIVIDUAL AND GROUP ANNUITY, LIFE INSURANCE, DISABILITY INCOME, AND  
 34 LONG-TERM CARE INSURANCE PRODUCTS;

35 2. TO DEVELOP UNIFORM STANDARDS FOR INSURANCE PRODUCTS COVERED  
 36 UNDER THE COMPACT;

1 3. TO ESTABLISH A CENTRAL CLEARINGHOUSE TO RECEIVE AND PROVIDE  
2 PROMPT REVIEW OF INSURANCE PRODUCTS COVERED UNDER THE COMPACT AND, IN  
3 CERTAIN CASES, ADVERTISEMENTS RELATED TO THE INSURANCE PRODUCTS,  
4 SUBMITTED BY INSURERS AUTHORIZED TO DO BUSINESS IN ONE OR MORE  
5 COMPACTING STATES;

6 4. TO GIVE APPROPRIATE REGULATORY APPROVAL TO THOSE PRODUCT  
7 FILINGS AND ADVERTISEMENTS SATISFYING THE APPLICABLE UNIFORM STANDARD;

8 5. TO IMPROVE COORDINATION OF REGULATORY RESOURCES AND  
9 EXPERTISE BETWEEN STATE INSURANCE DEPARTMENTS REGARDING THE SETTING  
10 OF UNIFORM STANDARDS AND REVIEW OF INSURANCE PRODUCTS COVERED UNDER  
11 THE COMPACT;

12 6. TO CREATE THE INTERSTATE INSURANCE PRODUCT REGULATION  
13 COMMISSION; AND

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

16 ARTICLE II. DEFINITIONS.

17 FOR PURPOSES OF THIS COMPACT:

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

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

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

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

31 5. "COMMISSIONER" MEANS THE CHIEF INSURANCE REGULATORY OFFICIAL  
32 OF A STATE, INCLUDING A COMMISSIONER, SUPERINTENDENT, DIRECTOR, OR  
33 ADMINISTRATOR.

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

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

4 8. "MEMBER" MEANS THE PERSON CHOSEN BY A COMPACTING STATE AS ITS  
5 REPRESENTATIVE TO THE COMMISSION OR THE PERSON'S DESIGNEE.

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

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

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

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

24 13. "STATE" MEANS ANY STATE, DISTRICT, OR TERRITORY OF THE UNITED  
25 STATES OF AMERICA.

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

28 15. "UNIFORM STANDARD" MEANS A STANDARD ADOPTED BY THE  
29 COMMISSION FOR A PRODUCT LINE, PURSUANT TO ARTICLE VII OF THIS COMPACT,  
30 AND SHALL INCLUDE ALL OF THE PRODUCT REQUIREMENTS IN THE AGGREGATE;  
31 PROVIDED, THAT EACH UNIFORM STANDARD SHALL BE CONSTRUED, WHETHER  
32 EXPRESS OR IMPLIED, TO PROHIBIT THE USE OF ANY INCONSISTENT, MISLEADING,  
33 OR AMBIGUOUS PROVISIONS IN A PRODUCT, AND THE FORM OF THE PRODUCT MADE  
34 AVAILABLE TO THE PUBLIC SHALL NOT BE UNFAIR, INEQUITABLE, OR AGAINST  
35 PUBLIC POLICY AS DETERMINED BY THE COMMISSION.

36 ARTICLE III. ESTABLISHMENT OF THE COMMISSION AND VENUE.

37 1. THE COMPACTING STATES HEREBY CREATE AND ESTABLISH A JOINT  
38 PUBLIC AGENCY KNOWN AS THE "INTERSTATE INSURANCE PRODUCT REGULATION  
39 COMMISSION." PURSUANT TO ARTICLE IV, THE COMMISSION WILL HAVE THE POWER  
40 TO DEVELOP UNIFORM STANDARDS FOR PRODUCT LINES, RECEIVE AND PROVIDE

1 PROMPT REVIEW OF PRODUCTS FILED THEREWITH, AND GIVE APPROVAL TO THOSE  
2 PRODUCT FILINGS SATISFYING APPLICABLE UNIFORM STANDARDS; PROVIDED THAT  
3 IT IS NOT INTENDED FOR THE COMMISSION TO BE THE EXCLUSIVE ENTITY FOR  
4 RECEIPT AND REVIEW OF INSURANCE PRODUCT FILINGS. NOTHING HEREIN SHALL  
5 PROHIBIT ANY INSURER FROM FILING ITS PRODUCT IN ANY STATE IN WHICH THE  
6 INSURER IS LICENSED TO CONDUCT THE BUSINESS OF INSURANCE; AND ANY SUCH  
7 FILING SHALL BE SUBJECT TO THE LAWS OF THE STATE WHERE FILED.

8 2. THE COMMISSION IS A BODY CORPORATE AND POLITIC AND AN  
9 INSTRUMENTALITY OF THE COMPACTING STATES.

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

12 4. VENUE IS PROPER AND JUDICIAL PROCEEDINGS BY OR AGAINST THE  
13 COMMISSION SHALL BE BROUGHT SOLELY AND EXCLUSIVELY IN A COURT OF  
14 COMPETENT JURISDICTION WHERE THE PRINCIPAL OFFICE OF THE COMMISSION IS  
15 LOCATED.

16 ARTICLE IV. POWERS OF THE COMMISSION.

17 THE COMMISSION SHALL HAVE THE FOLLOWING POWERS:

18 1. TO PROMULGATE RULES, PURSUANT TO ARTICLE VII OF THIS COMPACT,  
19 WHICH SHALL HAVE THE FORCE AND EFFECT OF LAW AND SHALL BE BINDING IN  
20 THE COMPACTING STATES TO THE EXTENT AND IN THE MANNER PROVIDED IN THIS  
21 COMPACT;

22 2. TO EXERCISE ITS RULE-MAKING AUTHORITY AND ESTABLISH  
23 REASONABLE UNIFORM STANDARDS FOR PRODUCTS COVERED UNDER THE  
24 COMPACT, AND ANY ADVERTISEMENT RELATED THERETO, WHICH SHALL HAVE THE  
25 FORCE AND EFFECT OF LAW AND SHALL BE BINDING IN THE COMPACTING STATES,  
26 BUT ONLY FOR THOSE PRODUCTS FILED WITH THE COMMISSION; PROVIDED, THAT A  
27 COMPACTING STATE SHALL HAVE THE RIGHT TO OPT OUT OF SUCH UNIFORM  
28 STANDARD PURSUANT TO ARTICLE VII, TO THE EXTENT AND IN THE MANNER  
29 PROVIDED BY THIS COMPACT; AND PROVIDED FURTHER, THAT ANY UNIFORM  
30 STANDARD ESTABLISHED BY THE COMMISSION FOR LONG-TERM CARE INSURANCE  
31 PRODUCTS MAY PROVIDE THE SAME OR GREATER PROTECTIONS FOR CONSUMERS  
32 AS, BUT SHALL NOT PROVIDE LESS THAN, THOSE PROTECTIONS SET FORTH IN THE  
33 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONER'S LONG-TERM CARE  
34 INSURANCE MODEL ACT AND LONG-TERM CARE INSURANCE MODEL REGULATION,  
35 RESPECTIVELY, ADOPTED AS OF 2001. THE COMMISSION SHALL CONSIDER WHETHER  
36 ANY SUBSEQUENT AMENDMENTS TO THE NAIC LONG-TERM CARE INSURANCE  
37 MODEL ACT OR THE LONG-TERM CARE INSURANCE MODEL REGULATION ADOPTED  
38 BY THE NAIC REQUIRE AMENDING OF THE UNIFORM STANDARDS ESTABLISHED BY  
39 THE COMMISSION FOR LONG-TERM CARE INSURANCE PRODUCTS;

40 3. TO RECEIVE AND REVIEW IN AN EXPEDITIOUS MANNER PRODUCTS FILED  
41 WITH THE COMMISSION, AND RATE FILINGS FOR DISABILITY INCOME AND

1 LONG-TERM CARE INSURANCE PRODUCTS, AND GIVE APPROVAL OF THOSE  
2 PRODUCTS AND RATE FILINGS THAT SATISFY THE APPLICABLE UNIFORM STANDARD,  
3 WHERE SUCH APPROVAL SHALL HAVE THE FORCE AND EFFECT OF LAW AND BE  
4 BINDING IN THE COMPACTING STATES TO THE EXTENT AND IN THE MANNER  
5 PROVIDED BY THE COMPACT;

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

20 5. TO EXERCISE ITS RULE-MAKING AUTHORITY AND DESIGNATE PRODUCTS  
21 AND ADVERTISEMENT THAT MAY BE SUBJECT TO A SELF-CERTIFICATION PROCESS  
22 WITHOUT THE NEED FOR PRIOR APPROVAL BY THE COMMISSION;

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

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

30 8. TO ISSUE SUBPOENAS REQUIRING THE ATTENDANCE AND TESTIMONY OF  
31 WITNESSES AND THE PRODUCTION OF EVIDENCE;

32 9. TO ESTABLISH AND MAINTAIN OFFICES;

33 10. TO PURCHASE AND MAINTAIN INSURANCE AND BONDS;

34 11. TO BORROW, ACCEPT, OR CONTRACT FOR SERVICES OR PERSONNEL,  
35 INCLUDING EMPLOYEES OF A COMPACTING STATE;

36 12. TO HIRE EMPLOYEES, PROFESSIONALS, OR SPECIALISTS, AND ELECT OR  
37 APPOINT OFFICERS AND TO FIX THEIR COMPENSATION, DEFINE THEIR DUTIES, GIVE  
38 THEM APPROPRIATE AUTHORITY TO CARRY OUT THE PURPOSES OF THE COMPACT,  
39 AND DETERMINE THEIR QUALIFICATIONS; AND TO ESTABLISH THE COMMISSION'S  
40 PERSONNEL POLICIES AND PROGRAMS RELATING TO, AMONG OTHER THINGS,

1 CONFLICTS OF INTEREST, RATES OF COMPENSATION, AND QUALIFICATIONS OF  
2 PERSONNEL;

3 13. TO ACCEPT ANY AND ALL APPROPRIATE DONATIONS AND GRANTS OF  
4 MONEY, EQUIPMENT, SUPPLIES, MATERIALS, AND SERVICES, AND TO RECEIVE, USE,  
5 AND DISPOSE OF THE SAME; PROVIDED THAT AT ALL TIMES THE COMMISSION SHALL  
6 STRIVE TO AVOID ANY APPEARANCE OF IMPROPRIETY;

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

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

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

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

17 18. TO PROVIDE FOR DISPUTE RESOLUTION AMONG COMPACTING STATES;

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

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

24 21. TO ESTABLISH A BUDGET AND MAKE EXPENDITURES;

25 22. TO BORROW MONEY;

26 23. TO APPOINT COMMITTEES, INCLUDING ADVISORY COMMITTEES  
27 COMPRISED OF MEMBERS, STATE INSURANCE REGULATORS, STATE LEGISLATORS OR  
28 THEIR REPRESENTATIVES, INSURANCE INDUSTRY AND CONSUMER  
29 REPRESENTATIVES, AND SUCH OTHER INTERESTED PERSONS AS MAY BE  
30 DESIGNATED IN THE BYLAWS;

31 24. TO PROVIDE AND RECEIVE INFORMATION FROM, AND TO COOPERATE  
32 WITH, LAW-ENFORCEMENT AGENCIES;

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

34 26. TO PERFORM SUCH OTHER FUNCTIONS AS MAY BE NECESSARY OR  
35 APPROPRIATE TO ACHIEVE THE PURPOSES OF THIS COMPACT CONSISTENT WITH  
36 THE STATE REGULATION OF THE BUSINESS OF INSURANCE.

## ARTICLE V. ORGANIZATION OF THE COMMISSION.

## 1. MEMBERSHIP, VOTING, AND BYLAWS.

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 THE MEMBER IS APPOINTED. ANY VACANCY OCCURRING IN THE COMMISSION SHALL BE FILLED IN ACCORDANCE WITH THE LAWS OF THE COMPACTING STATE IN WHICH 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 STANDARD SHALL BE EFFECTIVE UNLESS TWO-THIRDS OF THE MEMBERS VOTE IN FAVOR THEREOF.

C. THE COMMISSION, BY A MAJORITY OF THE MEMBERS, SHALL PRESCRIBE BYLAWS TO GOVERN ITS CONDUCT AS MAY BE NECESSARY OR APPROPRIATE TO CARRY OUT THE PURPOSES, AND EXERCISE THE POWERS, OF THE COMPACT, INCLUDING:

I. ESTABLISHING THE FISCAL YEAR OF THE COMMISSION;

II. PROVIDING REASONABLE PROCEDURES FOR APPOINTING AND ELECTING MEMBERS AND HOLDING MEETINGS OF THE MANAGEMENT COMMITTEE;

III. PROVIDING REASONABLE STANDARDS AND PROCEDURES: (I) FOR THE ESTABLISHMENT AND MEETINGS OF OTHER COMMITTEES; AND (II) GOVERNING ANY GENERAL OR SPECIFIC DELEGATION OF ANY AUTHORITY OR FUNCTION OF THE COMMISSION;

IV. PROVIDING REASONABLE PROCEDURES FOR CALLING AND CONDUCTING MEETINGS OF THE COMMISSION THAT CONSISTS OF A MAJORITY OF COMMISSION MEMBERS, ENSURING REASONABLE ADVANCE NOTICE OF EACH SUCH MEETING, AND PROVIDING FOR THE RIGHT OF CITIZENS TO ATTEND EACH SUCH MEETING WITH ENUMERATED EXCEPTIONS DESIGNED TO PROTECT THE PUBLIC'S INTEREST, THE PRIVACY OF INDIVIDUALS, AND INSURERS' PROPRIETARY INFORMATION, INCLUDING TRADE SECRETS. THE COMMISSION MAY MEET IN CAMERA ONLY AFTER A MAJORITY OF THE ENTIRE MEMBERSHIP VOTES TO CLOSE A MEETING IN WHOLE OR IN PART. AS SOON AS PRACTICABLE, THE COMMISSION MUST MAKE PUBLIC: (I) A COPY OF THE VOTE TO CLOSE THE MEETING REVEALING THE VOTE TO EACH MEMBER WITH NO PROXY VOTES ALLOWED; AND (II) VOTES TAKEN DURING THE 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 LAWS OF  
7 ANY COMPACTING STATE, THE BYLAWS SHALL EXCLUSIVELY GOVERN THE  
8 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; AND

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

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

19 2. MANAGEMENT COMMITTEE, OFFICERS, AND PERSONNEL.

20 A. A MANAGEMENT COMMITTEE COMPRISED OF NO MORE THAN 14  
21 MEMBERS SHALL BE ESTABLISHED AS FOLLOWS:

22 I. ONE MEMBER FROM EACH OF THE SIX COMPACTING STATES  
23 WITH THE LARGEST PREMIUM VOLUME FOR INDIVIDUAL AND GROUP ANNUITIES,  
24 LIFE, DISABILITY INCOME, AND LONG-TERM CARE INSURANCE PRODUCTS,  
25 DETERMINED FROM THE RECORDS OF THE NAIC FOR THE PRIOR YEAR;

26 II. FOUR MEMBERS FROM THOSE COMPACTING STATES WITH AT  
27 LEAST 2% OF THE MARKET, BASED ON THE PREMIUM VOLUME DESCRIBED ABOVE,  
28 OTHER THAN THE SIX COMPACTING STATES WITH THE LARGEST PREMIUM VOLUME,  
29 SELECTED ON A ROTATING BASIS AS PROVIDED IN THE BYLAWS; AND

30 III. FOUR MEMBERS FROM THOSE COMPACTING STATES WITH  
31 LESS THAN 2% OF THE MARKET, BASED ON THE PREMIUM VOLUME DESCRIBED  
32 ABOVE, WITH ONE SELECTED FROM EACH OF THE FOUR ZONE REGIONS OF THE NAIC  
33 AS PROVIDED IN THE BYLAWS.

34 B. THE MANAGEMENT COMMITTEE SHALL HAVE SUCH AUTHORITY AND  
35 DUTIES AS MAY BE SET FORTH IN THE BYLAWS, INCLUDING:

36 I. MANAGING THE AFFAIRS OF THE COMMISSION IN A MANNER  
37 CONSISTENT WITH THE BYLAWS AND PURPOSES OF THE COMMISSION;

1                   II.       ESTABLISHING AND OVERSEEING AN ORGANIZATIONAL  
2 STRUCTURE WITHIN, AND APPROPRIATE PROCEDURES FOR, THE COMMISSION TO  
3 PROVIDE FOR THE CREATION OF UNIFORM STANDARDS AND OTHER RULES, RECEIPT  
4 AND REVIEW OF PRODUCT FILINGS, ADMINISTRATIVE AND TECHNICAL SUPPORT  
5 FUNCTIONS, REVIEW OF DECISIONS REGARDING THE DISAPPROVAL OF A PRODUCT  
6 FILING, AND THE REVIEW OF ELECTIONS MADE BY A COMPACTING STATE TO OPT  
7 OUT OF A UNIFORM STANDARD; PROVIDED THAT A UNIFORM STANDARD SHALL NOT  
8 BE SUBMITTED TO THE COMPACTING STATES FOR ADOPTION UNLESS APPROVED BY  
9 TWO-THIRDS OF THE MEMBERS OF THE MANAGEMENT COMMITTEE;

10                   III.       OVERSEEING THE OFFICES OF THE COMMISSION; AND

11                   IV.       PLANNING, IMPLEMENTING, AND COORDINATING  
12 COMMUNICATIONS AND ACTIVITIES WITH OTHER STATE, FEDERAL, AND LOCAL  
13 GOVERNMENT ORGANIZATIONS IN ORDER TO ADVANCE THE GOALS OF THE  
14 COMMISSION.

15                   C.       THE COMMISSION SHALL ELECT ANNUALLY OFFICERS FROM THE  
16 MANAGEMENT COMMITTEE, WITH EACH HAVING SUCH AUTHORITY AND DUTIES AS  
17 MAY BE SPECIFIED IN THE BYLAWS.

18                   D.       THE MANAGEMENT COMMITTEE, SUBJECT TO THE APPROVAL OF  
19 THE COMMISSION, MAY APPOINT OR RETAIN AN EXECUTIVE DIRECTOR FOR SUCH  
20 PERIOD, ON SUCH TERMS AND CONDITIONS AND FOR SUCH COMPENSATION AS THE  
21 COMMISSION MAY DEEM APPROPRIATE. THE EXECUTIVE DIRECTOR SHALL SERVE AS  
22 SECRETARY TO THE COMMISSION, BUT SHALL NOT BE A MEMBER OF THE  
23 COMMISSION. THE EXECUTIVE DIRECTOR SHALL HIRE AND SUPERVISE SUCH OTHER  
24 STAFF AS MAY BE AUTHORIZED BY THE COMMISSION.

25       3.       LEGISLATIVE AND ADVISORY COMMITTEES.

26                   A.       A LEGISLATIVE COMMITTEE COMPRISED OF STATE LEGISLATORS OR  
27 THEIR DESIGNEES SHALL BE ESTABLISHED TO MONITOR THE OPERATIONS OF, AND  
28 MAKE RECOMMENDATIONS TO, THE COMMISSION, INCLUDING THE MANAGEMENT  
29 COMMITTEE; PROVIDED THAT THE MANNER OF SELECTION AND TERM OF ANY  
30 LEGISLATIVE COMMITTEE MEMBER SHALL BE AS SET FORTH IN THE BYLAWS. PRIOR  
31 TO THE ADOPTION BY THE COMMISSION OF ANY UNIFORM STANDARD, REVISION OF  
32 THE BYLAWS, ANNUAL BUDGET, OR OTHER SIGNIFICANT MATTER AS MAY BE  
33 PROVIDED IN THE BYLAWS, THE MANAGEMENT COMMITTEE SHALL CONSULT WITH  
34 AND REPORT TO THE LEGISLATIVE COMMITTEE.

35                   B.       THE COMMISSION SHALL ESTABLISH TWO ADVISORY COMMITTEES,  
36 ONE OF WHICH SHALL BE COMPRISED OF CONSUMER REPRESENTATIVES  
37 INDEPENDENT OF THE INSURANCE INDUSTRY AND THE OTHER COMPRISED OF  
38 INSURANCE INDUSTRY REPRESENTATIVES.

39                   C.       THE COMMISSION MAY ESTABLISH ADDITIONAL ADVISORY  
40 COMMITTEES AS ITS BYLAWS MAY PROVIDE FOR THE CARRYING OUT OF ITS  
41 FUNCTIONS.

1 4. CORPORATE RECORDS OF THE COMMISSION.

2 THE COMMISSION SHALL MAINTAIN ITS CORPORATE BOOKS AND  
3 RECORDS IN ACCORDANCE WITH THE BYLAWS.

4 5. QUALIFIED IMMUNITY, DEFENSE, AND INDEMNIFICATION.

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

17 B. THE COMMISSION SHALL DEFEND ANY MEMBER, OFFICER,  
18 EXECUTIVE DIRECTOR, EMPLOYEE, OR REPRESENTATIVE OF THE COMMISSION IN  
19 ANY CIVIL ACTION SEEKING TO IMPOSE LIABILITY ARISING OUT OF ANY ACTUAL OR  
20 ALLEGED ACT, ERROR, OR OMISSION THAT OCCURRED WITHIN THE SCOPE OF  
21 COMMISSION EMPLOYMENT, DUTIES, OR RESPONSIBILITIES, OR THAT THE PERSON  
22 AGAINST WHOM THE CLAIM IS MADE HAD A REASONABLE BASIS FOR BELIEVING  
23 OCCURRED WITHIN THE SCOPE OF COMMISSION EMPLOYMENT, DUTIES, OR  
24 RESPONSIBILITIES; PROVIDED, THAT NOTHING HEREIN SHALL BE CONSTRUED TO  
25 PROHIBIT THAT PERSON FROM RETAINING THE PERSON'S OWN COUNSEL; AND  
26 PROVIDED FURTHER, THAT THE ACTUAL OR ALLEGED ACT, ERROR, OR OMISSION DID  
27 NOT RESULT FROM THAT PERSON'S INTENTIONAL OR WILLFUL AND WANTON  
28 MISCONDUCT.

29 C. THE COMMISSION SHALL INDEMNIFY AND HOLD HARMLESS ANY  
30 MEMBER, OFFICER, EXECUTIVE DIRECTOR, EMPLOYEE, OR REPRESENTATIVE OF THE  
31 COMMISSION FOR THE AMOUNT OF ANY SETTLEMENT OR JUDGMENT OBTAINED  
32 AGAINST THAT PERSON ARISING OUT OF ANY ACTUAL OR ALLEGED ACT, ERROR, OR  
33 OMISSION THAT OCCURRED WITHIN THE SCOPE OF COMMISSION EMPLOYMENT,  
34 DUTIES, OR RESPONSIBILITIES, OR THAT SUCH PERSON HAD A REASONABLE BASIS  
35 FOR BELIEVING OCCURRED WITHIN THE SCOPE OF COMMISSION EMPLOYMENT,  
36 DUTIES, OR RESPONSIBILITIES; PROVIDED, THAT THE ACTUAL OR ALLEGED ACT,  
37 ERROR, OR OMISSION DID NOT RESULT FROM THE INTENTIONAL OR WILLFUL AND  
38 WANTON MISCONDUCT OF THAT PERSON.

39 ARTICLE VI. MEETINGS AND ACTS OF THE COMMISSION.

40 1. THE COMMISSION SHALL MEET AND TAKE SUCH ACTIONS AS ARE  
41 CONSISTENT WITH THE PROVISIONS OF THE COMPACT AND THE BYLAWS.

1 2. EACH MEMBER OF THE COMMISSION SHALL HAVE THE RIGHT AND POWER  
2 TO CAST A VOTE TO WHICH THAT COMPACTING STATE IS ENTITLED AND TO  
3 PARTICIPATE IN THE BUSINESS AND AFFAIRS OF THE COMMISSION. A MEMBER  
4 SHALL VOTE IN PERSON OR BY SUCH OTHER MEANS AS PROVIDED IN THE BYLAWS.  
5 THE BYLAWS MAY PROVIDE FOR MEMBERS' PARTICIPATION IN MEETINGS BY  
6 TELEPHONE OR OTHER MEANS OF COMMUNICATION.

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

9 ARTICLE VII. RULES AND OPERATING PROCEDURES, RULE MAKING FUNCTIONS OF  
10 THE COMMISSION, AND OPTING OUT OF UNIFORM STANDARDS.

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

19 2. RULE MAKING PROCEDURE. RULES AND OPERATING PROCEDURES SHALL  
20 BE MADE PURSUANT TO A RULE MAKING PROCESS THAT CONFORMS TO THE MODEL  
21 STATE ADMINISTRATIVE PROCEDURE ACT OF 1981, AS AMENDED, AS MAY BE  
22 APPROPRIATE TO THE OPERATIONS OF THE COMMISSION. BEFORE THE COMMISSION  
23 ADOPTS A UNIFORM STANDARD, THE COMMISSION SHALL GIVE WRITTEN NOTICE TO  
24 THE RELEVANT STATE LEGISLATIVE COMMITTEES IN EACH COMPACTING STATE  
25 RESPONSIBLE FOR INSURANCE ISSUES OF ITS INTENTION TO ADOPT THE UNIFORM  
26 STANDARD. THE COMMISSION, IN ADOPTING A UNIFORM STANDARD, SHALL  
27 CONSIDER FULLY ALL SUBMITTED MATERIALS AND ISSUE A CONCISE EXPLANATION  
28 OF ITS DECISION.

29 3. EFFECTIVE DATE AND OPT OUT OF A UNIFORM STANDARD. A UNIFORM  
30 STANDARD SHALL BECOME EFFECTIVE 90 DAYS AFTER ITS PROMULGATION BY THE  
31 COMMISSION OR SUCH LATER DATE AS THE COMMISSION MAY DETERMINE;  
32 PROVIDED, HOWEVER, THAT A COMPACTING STATE MAY OPT OUT OF A UNIFORM  
33 STANDARD AS PROVIDED IN THIS ARTICLE. "OPT OUT" SHALL BE DEFINED AS ANY  
34 ACTION BY A COMPACTING STATE TO DECLINE TO ADOPT OR PARTICIPATE IN A  
35 PROMULGATED UNIFORM STANDARD. ALL OTHER RULES AND OPERATING  
36 PROCEDURES, AND AMENDMENTS THERETO, SHALL BECOME EFFECTIVE AS OF THE  
37 DATE SPECIFIED IN EACH RULE, OPERATING PROCEDURE, OR AMENDMENT.

38 4. OPT OUT PROCEDURE. A COMPACTING STATE MAY OPT OUT OF A UNIFORM  
39 STANDARD, EITHER BY LEGISLATION OR REGULATION DULY PROMULGATED BY THE  
40 INSURANCE DEPARTMENT UNDER THE COMPACTING STATE'S ADMINISTRATIVE  
41 PROCEDURE ACT OR DULY PROMULGATED PURSUANT TO THE COMPACTING STATE'S  
42 LAW. IF A COMPACTING STATE ELECTS TO OPT OUT OF A UNIFORM STANDARD BY  
43 REGULATION, IT MUST: (I) GIVE WRITTEN NOTICE TO THE COMMISSION NO LATER

1 THAN 10 BUSINESS DAYS AFTER THE UNIFORM STANDARD IS PROMULGATED, OR AT  
2 A TIME THE STATE BECOMES A COMPACTING STATE; AND (II) FIND THAT THE  
3 UNIFORM STANDARD DOES NOT PROVIDE REASONABLE PROTECTIONS TO THE  
4 CITIZENS OF THE STATE, GIVEN THE CONDITIONS IN THE STATE. THE  
5 COMMISSIONER SHALL MAKE SPECIFIC FINDINGS OF FACT AND CONCLUSIONS OF  
6 LAW, BASED ON A PREPONDERANCE OF THE EVIDENCE, DETAILING THE CONDITIONS  
7 IN THE STATE WHICH WARRANT A DEPARTURE FROM THE UNIFORM STANDARD AND  
8 DETERMINING THAT THE UNIFORM STANDARD WOULD NOT REASONABLY PROTECT  
9 THE CITIZENS OF THE STATE. THE COMMISSIONER MUST CONSIDER AND BALANCE  
10 THE FOLLOWING FACTORS AND FIND THAT THE CONDITIONS IN THE STATE AND  
11 NEEDS OF THE CITIZENS OF THE STATE OUTWEIGH: (I) THE INTENT OF THE  
12 LEGISLATURE TO PARTICIPATE IN, AND THE BENEFITS OF, AN INTERSTATE  
13 AGREEMENT TO ESTABLISH NATIONAL UNIFORM CONSUMER PROTECTIONS FOR THE  
14 PRODUCTS SUBJECT TO THIS COMPACT; AND (II) THE PRESUMPTION THAT A  
15 UNIFORM STANDARD ADOPTED BY THE COMMISSION PROVIDES REASONABLE  
16 PROTECTIONS TO CONSUMERS OF THE RELEVANT PRODUCT.

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

27 5. EFFECT OF OPT OUT. IF A COMPACTING STATE ELECTS TO OPT OUT OF A  
28 UNIFORM STANDARD, THE UNIFORM STANDARD SHALL REMAIN APPLICABLE IN THE  
29 COMPACTING STATE ELECTING TO OPT OUT UNTIL SUCH TIME AS THE OPT OUT  
30 LEGISLATION IS ENACTED INTO LAW OR THE REGULATION OPTING OUT BECOMES  
31 EFFECTIVE.

32 ONCE THE OPT OUT OF A UNIFORM STANDARD BY A COMPACTING STATE  
33 BECOMES EFFECTIVE AS PROVIDED UNDER THE LAWS OF THAT STATE, THE  
34 UNIFORM STANDARD SHALL HAVE NO FURTHER FORCE AND EFFECT IN THAT STATE  
35 UNLESS AND UNTIL THE LEGISLATION OR REGULATION IMPLEMENTING THE OPT  
36 OUT IS REPEALED OR OTHERWISE BECOMES INEFFECTIVE UNDER THE LAWS OF THE  
37 STATE. IF A COMPACTING STATE OPTS OUT OF A UNIFORM STANDARD AFTER THE  
38 UNIFORM STANDARD HAS BEEN MADE EFFECTIVE IN THAT STATE, THE OPT OUT  
39 SHALL HAVE THE SAME PROSPECTIVE EFFECT AS PROVIDED UNDER ARTICLE XIV  
40 FOR WITHDRAWALS.

41 6. STAY OF UNIFORM STANDARD. IF A COMPACTING STATE HAS FORMALLY  
42 INITIATED THE PROCESS OF OPTING OUT OF A UNIFORM STANDARD BY  
43 REGULATION, AND WHILE THE REGULATORY OPT OUT IS PENDING, THE  
44 COMPACTING STATE MAY PETITION THE COMMISSION, AT LEAST 15 DAYS BEFORE  
45 THE EFFECTIVE DATE OF THE UNIFORM STANDARD, TO STAY THE EFFECTIVENESS

1 OF THE UNIFORM STANDARD IN THAT STATE. THE COMMISSION MAY GRANT A STAY  
2 IF IT DETERMINES THE REGULATORY OPT OUT IS BEING PURSUED IN A REASONABLE  
3 MANNER AND THERE IS A LIKELIHOOD OF SUCCESS. IF A STAY IS GRANTED OR  
4 EXTENDED BY THE COMMISSION, THE STAY OR EXTENSION THEREOF MAY  
5 POSTPONE THE EFFECTIVE DATE BY UP TO 90 DAYS, UNLESS AFFIRMATIVELY  
6 EXTENDED BY THE COMMISSION; PROVIDED, THAT A STAY MAY NOT BE PERMITTED  
7 TO REMAIN IN EFFECT FOR MORE THAN 1 YEAR UNLESS THE COMPACTING STATE  
8 CAN SHOW EXTRAORDINARY CIRCUMSTANCES WHICH WARRANT A CONTINUANCE  
9 OF THE STAY, INCLUDING THE EXISTENCE OF A LEGAL CHALLENGE WHICH  
10 PREVENTS THE COMPACTING STATE FROM OPTING OUT. A STAY MAY BE  
11 TERMINATED BY THE COMMISSION ON NOTICE THAT THE RULE MAKING PROCESS  
12 HAS BEEN TERMINATED.

13 7. NOT LATER THAN 30 DAYS AFTER A RULE OR OPERATING PROCEDURE IS  
14 PROMULGATED, ANY PERSON MAY FILE A PETITION FOR JUDICIAL REVIEW OF THE  
15 RULE OR OPERATING PROCEDURE; PROVIDED, THAT THE FILING OF SUCH A  
16 PETITION SHALL NOT STAY OR OTHERWISE PREVENT THE RULE OR OPERATING  
17 PROCEDURE FROM BECOMING EFFECTIVE UNLESS THE COURT FINDS THAT THE  
18 PETITIONER HAS A SUBSTANTIAL LIKELIHOOD OF SUCCESS. THE COURT SHALL GIVE  
19 DEFERENCE TO THE ACTIONS OF THE COMMISSION CONSISTENT WITH APPLICABLE  
20 LAW AND SHALL NOT FIND THE RULE OR OPERATING PROCEDURE TO BE UNLAWFUL  
21 IF THE RULE OR OPERATING PROCEDURE REPRESENTS A REASONABLE EXERCISE OF  
22 THE COMMISSION'S AUTHORITY.

23 ARTICLE VIII. COMMISSION RECORDS AND ENFORCEMENT.

24 1. THE COMMISSION SHALL PROMULGATE RULES ESTABLISHING  
25 CONDITIONS AND PROCEDURES FOR PUBLIC INSPECTION AND COPYING OF ITS  
26 INFORMATION AND OFFICIAL RECORDS, EXCEPT SUCH INFORMATION AND RECORDS  
27 INVOLVING THE PRIVACY OF INDIVIDUALS AND INSURERS' TRADE SECRETS. THE  
28 COMMISSION MAY PROMULGATE ADDITIONAL RULES UNDER WHICH IT MAY MAKE  
29 AVAILABLE TO FEDERAL AND STATE AGENCIES, INCLUDING LAW-ENFORCEMENT  
30 AGENCIES, RECORDS AND INFORMATION OTHERWISE EXEMPT FROM DISCLOSURE,  
31 AND MAY ENTER INTO AGREEMENTS WITH SUCH AGENCIES TO RECEIVE OR  
32 EXCHANGE INFORMATION OR RECORDS SUBJECT TO NONDISCLOSURE AND  
33 CONFIDENTIALITY PROVISIONS.

34 2. EXCEPT AS TO PRIVILEGED RECORDS, DATA, AND INFORMATION, THE  
35 LAWS OF ANY COMPACTING STATE PERTAINING TO CONFIDENTIALITY OR  
36 NONDISCLOSURE SHALL NOT RELIEVE ANY COMPACTING STATE COMMISSIONER OF  
37 THE DUTY TO DISCLOSE ANY RELEVANT RECORDS, DATA, OR INFORMATION TO THE  
38 COMMISSION; PROVIDED, THAT DISCLOSURE TO THE COMMISSION SHALL NOT BE  
39 DEEMED TO WAIVE OR OTHERWISE AFFECT ANY CONFIDENTIALITY REQUIREMENT;  
40 AND FURTHER PROVIDED, THAT, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN  
41 THIS COMPACT, THE COMMISSION SHALL NOT BE SUBJECT TO THE COMPACTING  
42 STATE'S LAWS PERTAINING TO CONFIDENTIALITY AND NONDISCLOSURE WITH  
43 RESPECT TO RECORDS, DATA, AND INFORMATION IN ITS POSSESSION.  
44 CONFIDENTIAL INFORMATION OF THE COMMISSION SHALL REMAIN CONFIDENTIAL  
45 AFTER SUCH INFORMATION IS PROVIDED TO ANY COMMISSIONER.

1 3. THE COMMISSION SHALL MONITOR COMPACTING STATES FOR  
2 COMPLIANCE WITH DULY ADOPTED BYLAWS, RULES, INCLUDING UNIFORM  
3 STANDARDS, AND OPERATING PROCEDURES. THE COMMISSION SHALL NOTIFY ANY  
4 NONCOMPLYING COMPACTING STATE IN WRITING OF ITS NONCOMPLIANCE WITH  
5 COMMISSION BYLAWS, RULES, OR OPERATING PROCEDURES. IF A NONCOMPLYING  
6 COMPACTING STATE FAILS TO REMEDY ITS NONCOMPLIANCE WITHIN THE TIME  
7 SPECIFIED IN THE NOTICE OF NONCOMPLIANCE, THE COMPACTING STATE SHALL BE  
8 DEEMED TO BE IN DEFAULT AS SET FORTH IN ARTICLE XIV.

9 4. THE COMMISSIONER OF ANY STATE IN WHICH AN INSURER IS  
10 AUTHORIZED TO DO BUSINESS, OR IS CONDUCTING THE BUSINESS OF INSURANCE,  
11 SHALL CONTINUE TO EXERCISE THE COMMISSIONER'S AUTHORITY TO OVERSEE THE  
12 MARKET REGULATION OF THE ACTIVITIES OF THE INSURER IN ACCORDANCE WITH  
13 THE PROVISIONS OF THE STATE'S LAW. THE COMMISSIONER'S ENFORCEMENT OF  
14 COMPLIANCE WITH THE COMPACT IS GOVERNED BY THE FOLLOWING PROVISIONS:

15 A. WITH RESPECT TO THE COMMISSIONER'S MARKET REGULATION OF A  
16 PRODUCT OR ADVERTISEMENT THAT IS APPROVED BY OR CERTIFIED TO THE  
17 COMMISSION, THE CONTENT OF THE PRODUCT OR ADVERTISEMENT SHALL NOT  
18 CONSTITUTE A VIOLATION OF THE PROVISIONS, STANDARDS, OR REQUIREMENTS OF  
19 THE COMPACT EXCEPT ON A FINAL ORDER OF THE COMMISSION, ISSUED AT THE  
20 REQUEST OF A COMMISSIONER AFTER PRIOR NOTICE TO THE INSURER AND AN  
21 OPPORTUNITY FOR A HEARING BEFORE THE COMMISSION.

22 B. BEFORE A COMMISSIONER MAY BRING AN ACTION FOR VIOLATION  
23 OF ANY PROVISION, STANDARD, OR REQUIREMENT OF THE COMPACT RELATING TO  
24 THE CONTENT OF AN ADVERTISEMENT NOT APPROVED BY OR CERTIFIED TO THE  
25 COMMISSION, THE COMMISSION, OR AN AUTHORIZED COMMISSION OFFICER OR  
26 EMPLOYEE, MUST AUTHORIZE THE ACTION. HOWEVER, AUTHORIZATION PURSUANT  
27 TO THIS PARAGRAPH DOES NOT REQUIRE NOTICE TO THE INSURER, OPPORTUNITY  
28 FOR A HEARING, DISCLOSURE OF REQUESTS FOR AUTHORIZATION, OR DISCLOSURE  
29 OF RECORDS OF THE COMMISSION'S ACTION ON SUCH REQUESTS.

30 ARTICLE IX. DISPUTE RESOLUTION.

31 THE COMMISSION SHALL ATTEMPT, ON THE REQUEST OF A MEMBER, TO  
32 RESOLVE ANY DISPUTES OR OTHER ISSUES THAT ARE SUBJECT TO THIS COMPACT  
33 AND WHICH MAY ARISE BETWEEN TWO OR MORE COMPACTING STATES, OR  
34 BETWEEN COMPACTING STATES AND NON-COMPACTING STATES, AND THE  
35 COMMISSION SHALL PROMULGATE AN OPERATING PROCEDURE PROVIDING FOR  
36 RESOLUTION OF SUCH DISPUTES.

37 ARTICLE X. PRODUCT FILING AND APPROVAL.

38 1. INSURERS AND THIRD-PARTY FILERS SEEKING TO HAVE A PRODUCT  
39 APPROVED BY THE COMMISSION SHALL FILE THE PRODUCT WITH, AND PAY  
40 APPLICABLE FILING FEES TO, THE COMMISSION. NOTHING IN THIS COMPACT SHALL  
41 BE CONSTRUED TO RESTRICT OR OTHERWISE PREVENT AN INSURER FROM FILING  
42 ITS PRODUCT WITH THE INSURANCE DEPARTMENT IN ANY STATE IN WHICH THE

1 INSURER IS LICENSED TO CONDUCT THE BUSINESS OF INSURANCE, AND SUCH  
2 FILING SHALL BE SUBJECT TO THE LAWS OF THE STATES WHERE FILED.

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

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

16 ARTICLE XI. REVIEW OF COMMISSION DECISIONS REGARDING FILINGS.

17 1. NOT LATER THAN 30 DAYS AFTER THE COMMISSION HAS GIVEN NOTICE  
18 OF A DISAPPROVED PRODUCT OR ADVERTISEMENT FILED WITH THE COMMISSION,  
19 THE INSURER OR THIRD-PARTY FILER WHOSE FILING WAS DISAPPROVED MAY  
20 APPEAL THE DETERMINATION TO A REVIEW PANEL APPOINTED BY THE  
21 COMMISSION. THE COMMISSION SHALL PROMULGATE RULES TO ESTABLISH  
22 PROCEDURES FOR APPOINTING SUCH REVIEW PANELS AND PROVIDE FOR NOTICE  
23 AND A HEARING. AN ALLEGATION THAT THE COMMISSION, IN DISAPPROVING A  
24 PRODUCT OR ADVERTISEMENT FILED WITH THE COMMISSION, ACTED ARBITRARILY,  
25 CAPRICIOUSLY, OR IN A MANNER THAT IS AN ABUSE OF DISCRETION OR OTHERWISE  
26 NOT IN ACCORDANCE WITH THE LAW, IS SUBJECT TO JUDICIAL REVIEW IN  
27 ACCORDANCE WITH ARTICLE III, SECTION 4.

28 2. THE COMMISSION SHALL HAVE AUTHORITY TO MONITOR, REVIEW, AND  
29 RECONSIDER PRODUCTS AND ADVERTISEMENT SUBSEQUENT TO THEIR FILING OR  
30 APPROVAL ON A FINDING THAT THE PRODUCT DOES NOT MEET THE RELEVANT  
31 UNIFORM STANDARD. WHERE APPROPRIATE, THE COMMISSION MAY WITHDRAW OR  
32 MODIFY ITS APPROVAL AFTER PROPER NOTICE AND HEARING, SUBJECT TO THE  
33 APPEAL PROCESS IN SECTION 1 OF THIS ARTICLE.

34 ARTICLE XII. FINANCE.

35 1. THE COMMISSION SHALL PAY OR PROVIDE FOR THE PAYMENT OF THE  
36 REASONABLE EXPENSES OF ITS ESTABLISHMENT AND ORGANIZATION. TO FUND THE  
37 COST OF ITS INITIAL OPERATIONS, THE COMMISSION MAY ACCEPT CONTRIBUTIONS  
38 AND OTHER FORMS OF FUNDING FROM THE NATIONAL ASSOCIATION OF INSURANCE  
39 COMMISSIONERS, COMPACTING STATES, AND OTHER SOURCES. CONTRIBUTIONS  
40 AND OTHER FORMS OF FUNDING FROM OTHER SOURCES SHALL BE OF SUCH A  
41 NATURE THAT THE INDEPENDENCE OF THE COMMISSION CONCERNING THE  
42 PERFORMANCE OF ITS DUTIES SHALL NOT BE COMPROMISED.

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

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

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

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

13 6. THE COMMISSION SHALL KEEP COMPLETE AND ACCURATE ACCOUNTS OF  
14 ALL ITS INTERNAL RECEIPTS, INCLUDING GRANTS AND DONATIONS, AND  
15 DISBURSEMENTS OF ALL FUNDS UNDER ITS CONTROL. THE INTERNAL FINANCIAL  
16 ACCOUNTS OF THE COMMISSION SHALL BE SUBJECT TO THE ACCOUNTING  
17 PROCEDURES ESTABLISHED UNDER ITS BYLAWS. THE FINANCIAL ACCOUNTS AND  
18 REPORTS, INCLUDING THE SYSTEM OF INTERNAL CONTROLS AND PROCEDURES OF  
19 THE COMMISSION, SHALL BE AUDITED ANNUALLY BY AN INDEPENDENT CERTIFIED  
20 PUBLIC ACCOUNTANT. ON THE DETERMINATION OF THE COMMISSION, BUT NO LESS  
21 FREQUENTLY THAN EVERY 3 YEARS, THE REVIEW OF THE INDEPENDENT AUDITOR  
22 SHALL INCLUDE A MANAGEMENT AND PERFORMANCE AUDIT OF THE COMMISSION.  
23 THE COMMISSION SHALL MAKE AN ANNUAL REPORT TO THE GOVERNOR AND  
24 LEGISLATURE OF THE COMPACTING STATES, WHICH SHALL INCLUDE A REPORT OF  
25 THE INDEPENDENT AUDIT. THE COMMISSION'S INTERNAL ACCOUNTS SHALL NOT BE  
26 CONFIDENTIAL AND SUCH MATERIALS MAY BE SHARED WITH THE COMMISSIONER  
27 OF ANY COMPACTING STATE ON REQUEST; PROVIDED, HOWEVER, THAT ANY WORK  
28 PAPERS RELATED TO ANY INTERNAL OR INDEPENDENT AUDIT AND ANY  
29 INFORMATION REGARDING THE PRIVACY OF INDIVIDUALS AND INSURERS'  
30 PROPRIETARY INFORMATION, INCLUDING TRADE SECRETS, SHALL REMAIN  
31 CONFIDENTIAL.

32 7. NO COMPACTING STATE SHALL HAVE ANY CLAIM TO OR OWNERSHIP OF  
33 ANY PROPERTY HELD BY OR VESTED IN THE COMMISSION OR TO ANY COMMISSION  
34 FUNDS HELD PURSUANT TO THE PROVISIONS OF THIS COMPACT.

35 ARTICLE XIII. COMPACTING STATES, EFFECTIVE DATE, AND AMENDMENT.

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

37 2. THE COMPACT SHALL BECOME EFFECTIVE AND BINDING ON LEGISLATIVE  
38 ENACTMENT OF THE COMPACT INTO LAW BY TWO COMPACTING STATES; PROVIDED,  
39 THAT THE COMMISSION SHALL BECOME EFFECTIVE FOR PURPOSES OF ADOPTING  
40 UNIFORM STANDARDS FOR, REVIEWING, AND GIVING APPROVAL OR DISAPPROVAL  
41 OF, PRODUCTS FILED WITH THE COMMISSION THAT SATISFY APPLICABLE UNIFORM

1 STANDARDS ONLY AFTER 26 STATES ARE COMPACTING STATES; OR, ALTERNATIVELY,  
2 BY STATES REPRESENTING GREATER THAN 40 PERCENT OF THE PREMIUM VOLUME  
3 FOR LIFE INSURANCE, ANNUITY, DISABILITY INCOME, AND LONG-TERM CARE  
4 INSURANCE PRODUCTS, BASED ON RECORDS OF THE NAIC FOR THE PRIOR YEAR.  
5 THEREAFTER, IT SHALL BECOME EFFECTIVE AND BINDING AS TO ANY OTHER  
6 COMPACTING STATE ON ENACTMENT OF THE COMPACT INTO LAW BY THAT STATE.

7 3. AMENDMENTS TO THE COMPACT MAY BE PROPOSED BY THE COMMISSION  
8 FOR ENACTMENT BY THE COMPACTING STATES. NO AMENDMENT SHALL BECOME  
9 EFFECTIVE AND BINDING ON THE COMMISSION AND THE COMPACTING STATES  
10 UNLESS AND UNTIL ALL COMPACTING STATES ENACT THE AMENDMENT INTO LAW.

11 ARTICLE XIV. WITHDRAWAL, DEFAULT, AND TERMINATION.

12 1. WITHDRAWAL.

13 A. ONCE EFFECTIVE, THE COMPACT SHALL CONTINUE IN FORCE AND  
14 REMAIN BINDING ON EACH AND EVERY COMPACTING STATE; PROVIDED, THAT A  
15 COMPACTING STATE MAY WITHDRAW FROM THE COMPACT (WITHDRAWING STATE)  
16 BY ENACTING A STATUTE SPECIFICALLY REPEALING THE STATUTE WHICH ENACTED  
17 THE COMPACT INTO LAW.

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

25 C. THE COMMISSIONER OF THE WITHDRAWING STATE IMMEDIATELY  
26 SHALL NOTIFY THE MANAGEMENT COMMITTEE IN WRITING ON THE INTRODUCTION  
27 OF LEGISLATION REPEALING THIS COMPACT IN THE WITHDRAWING STATE.

28 D. THE COMMISSION SHALL NOTIFY THE OTHER COMPACTING STATES  
29 OF THE INTRODUCTION OF SUCH LEGISLATION WITHIN 10 DAYS AFTER ITS RECEIPT  
30 OF NOTICE THEREOF.

31 E. THE WITHDRAWING STATE IS RESPONSIBLE FOR ALL OBLIGATIONS,  
32 DUTIES, AND LIABILITIES INCURRED THROUGH THE EFFECTIVE DATE OF  
33 WITHDRAWAL, INCLUDING ANY OBLIGATIONS, THE PERFORMANCE OF WHICH  
34 EXTEND BEYOND THE EFFECTIVE DATE OF WITHDRAWAL, EXCEPT TO THE EXTENT  
35 THOSE OBLIGATIONS MAY HAVE BEEN RELEASED OR RELINQUISHED BY MUTUAL  
36 AGREEMENT OF THE COMMISSION AND THE WITHDRAWING STATE. THE  
37 COMMISSION'S APPROVAL OF PRODUCTS AND ADVERTISEMENT PRIOR TO THE  
38 EFFECTIVE DATE OF WITHDRAWAL SHALL CONTINUE TO BE EFFECTIVE AND BE  
39 GIVEN FULL FORCE AND EFFECT IN THE WITHDRAWING STATE, UNLESS FORMALLY  
40 RESCINDED BY THE WITHDRAWING STATE IN THE SAME MANNER AS PROVIDED BY

1 THE LAWS OF THE WITHDRAWING STATE FOR THE PROSPECTIVE DISAPPROVAL OF  
2 PRODUCTS OR ADVERTISEMENT PREVIOUSLY APPROVED UNDER STATE LAW.

3 F. REINSTATEMENT FOLLOWING WITHDRAWAL OF ANY COMPACTING  
4 STATE SHALL OCCUR ON THE EFFECTIVE DATE OF THE WITHDRAWING STATE  
5 REENACTING THE COMPACT.

6 2. DEFAULT.

7 A. IF THE COMMISSION DETERMINES THAT ANY COMPACTING STATE  
8 HAS AT ANY TIME DEFAULTED (DEFAULTING STATE) IN THE PERFORMANCE OF ANY  
9 OF ITS OBLIGATIONS OR RESPONSIBILITIES UNDER THE COMPACT, THE BYLAWS, OR  
10 DULY PROMULGATED RULES OR OPERATING PROCEDURES, THEN, AFTER NOTICE  
11 AND A HEARING AS SET FORTH IN THE BYLAWS, ALL RIGHTS, PRIVILEGES, AND  
12 BENEFITS CONFERRED BY THIS COMPACT ON THE DEFAULTING STATE SHALL BE  
13 SUSPENDED FROM THE EFFECTIVE DATE OF DEFAULT AS FIXED BY THE  
14 COMMISSION. THE GROUNDS FOR DEFAULT INCLUDE THE FAILURE OF A  
15 COMPACTING STATE TO PERFORM ITS OBLIGATIONS OR RESPONSIBILITIES AND ANY  
16 OTHER GROUNDS DESIGNATED IN COMMISSION RULES. THE COMMISSION  
17 IMMEDIATELY SHALL NOTIFY THE DEFAULTING STATE IN WRITING OF THE  
18 DEFAULTING STATE'S SUSPENSION PENDING A CURE OF THE DEFAULT. THE  
19 COMMISSION SHALL STIPULATE THE CONDITIONS AND THE TIME PERIOD WITHIN  
20 WHICH THE DEFAULTING STATE MUST CURE ITS DEFAULT. IF THE DEFAULTING  
21 STATE FAILS TO CURE THE DEFAULT WITHIN THE TIME PERIOD SPECIFIED BY THE  
22 COMMISSION, THE DEFAULTING STATE SHALL BE TERMINATED FROM THE COMPACT  
23 AND ALL RIGHTS, PRIVILEGES, AND BENEFITS CONFERRED BY THIS COMPACT SHALL  
24 BE TERMINATED FROM THE EFFECTIVE DATE OF TERMINATION.

25 B. PRODUCT APPROVALS BY THE COMMISSION OR PRODUCT  
26 SELF-CERTIFICATIONS, OR ANY ADVERTISEMENT IN CONNECTION WITH SUCH  
27 PRODUCT, THAT ARE IN FORCE ON THE EFFECTIVE DATE OF TERMINATION SHALL  
28 REMAIN IN FORCE IN THE DEFAULTING STATE IN THE SAME MANNER AS IF THE  
29 DEFAULTING STATE HAD WITHDRAWN VOLUNTARILY PURSUANT TO SECTION 1 OF  
30 THIS ARTICLE.

31 C. REINSTATEMENT FOLLOWING TERMINATION OF ANY COMPACTING  
32 STATE REQUIRES A REENACTMENT OF THE COMPACT.

33 3. DISSOLUTION OF COMPACT.

34 A. THE COMPACT DISSOLVES EFFECTIVE ON THE DATE OF THE  
35 WITHDRAWAL OR DEFAULT OF THE COMPACTING STATE WHICH REDUCES  
36 MEMBERSHIP IN THE COMPACT TO ONE COMPACTING STATE.

37 B. ON THE DISSOLUTION OF THIS COMPACT, THE COMPACT BECOMES  
38 NULL AND VOID AND SHALL BE OF NO FURTHER FORCE OR EFFECT, AND THE  
39 BUSINESS AND AFFAIRS OF THE COMMISSION SHALL BE WOUND UP AND ANY  
40 SURPLUS FUNDS SHALL BE DISTRIBUTED IN ACCORDANCE WITH THE BYLAWS.

## 1 ARTICLE XV. SEVERABILITY AND CONSTRUCTION.

2 1. THE PROVISIONS OF THIS COMPACT SHALL BE SEVERABLE, AND IF ANY  
3 PHRASE, CLAUSE, SENTENCE, OR PROVISION IS DEEMED UNENFORCEABLE, THE  
4 REMAINING PROVISIONS OF THE COMPACT SHALL BE ENFORCEABLE.

5 2. THE PROVISIONS OF THIS COMPACT SHALL BE LIBERALLY CONSTRUED TO  
6 EFFECTUATE ITS PURPOSES.

## 7 ARTICLE XVI. OTHER LAWS AND BINDING EFFECT OF COMPACT.

## 8 1. OTHER LAWS.

9 A. NOTHING HEREIN PREVENTS THE ENFORCEMENT OF ANY OTHER  
10 LAW OF A COMPACTING STATE, EXCEPT AS PROVIDED IN PARAGRAPH B OF THIS  
11 SECTION.

12 B. FOR ANY PRODUCT APPROVED BY OR CERTIFIED TO THE  
13 COMMISSION, THE RULES, UNIFORM STANDARDS, AND ANY OTHER REQUIREMENTS  
14 OF THE COMMISSION SHALL CONSTITUTE THE EXCLUSIVE PROVISIONS APPLICABLE  
15 TO THE CONTENT, APPROVAL, AND CERTIFICATION OF SUCH PRODUCTS. FOR AN  
16 ADVERTISEMENT THAT IS SUBJECT TO THE COMMISSION'S AUTHORITY, ANY RULE,  
17 UNIFORM STANDARD, OR OTHER REQUIREMENT OF THE COMMISSION WHICH  
18 GOVERNS THE CONTENT OF THE ADVERTISEMENT SHALL CONSTITUTE THE  
19 EXCLUSIVE PROVISION THAT A COMMISSIONER MAY APPLY TO THE CONTENT OF  
20 THE ADVERTISEMENT. NOTWITHSTANDING THE FOREGOING, NO ACTION TAKEN BY  
21 THE COMMISSION SHALL ABROGATE OR RESTRICT: (I) THE ACCESS OF ANY PERSON  
22 TO STATE COURTS; (II) REMEDIES AVAILABLE UNDER STATE LAW RELATED TO  
23 BREACH OF CONTRACT, TORT, OR OTHER LAWS NOT SPECIFICALLY DIRECTED TO  
24 THE CONTENT OF THE PRODUCT; (III) STATE LAW RELATING TO THE CONSTRUCTION  
25 OF INSURANCE CONTRACTS; OR (IV) THE AUTHORITY OF THE ATTORNEY GENERAL  
26 OF THE STATE, INCLUDING MAINTAINING ANY ACTIONS OR PROCEEDINGS, AS  
27 AUTHORIZED BY LAW.

28 C. ALL INSURANCE PRODUCTS FILED WITH INDIVIDUAL STATES SHALL  
29 BE SUBJECT TO THE LAWS OF THOSE STATES.

## 30 2. BINDING EFFECT OF COMPACT.

31 A. ALL LAWFUL ACTIONS OF THE COMMISSION, INCLUDING ALL RULES  
32 AND OPERATING PROCEDURES PROMULGATED BY THE COMMISSION, ARE BINDING  
33 ON THE COMPACTING STATES.

34 B. ALL AGREEMENTS BETWEEN THE COMMISSION AND THE  
35 COMPACTING STATES ARE BINDING IN ACCORDANCE WITH THEIR TERMS.

36 C. ON THE REQUEST OF A PARTY TO A CONFLICT OVER THE MEANING  
37 OR INTERPRETATION OR COMMISSION ACTIONS, AND ON A MAJORITY VOTE OF THE  
38 COMPACTING STATES, THE COMMISSION MAY ISSUE ADVISORY OPINIONS  
39 REGARDING THE MEANING OR INTERPRETATION IN DISPUTE.

1 D. IN THE EVENT ANY PROVISION OF THIS COMPACT EXCEEDS THE  
2 CONSTITUTIONAL LIMITS IMPOSED ON THE LEGISLATURE OF ANY COMPACTING  
3 STATE, THE OBLIGATIONS, DUTIES, POWERS, OR JURISDICTION SOUGHT TO BE  
4 CONFERRED BY THAT PROVISION ON THE COMMISSION SHALL BE INEFFECTIVE AS  
5 TO THAT COMPACTING STATE, AND THOSE OBLIGATIONS, DUTIES, POWERS, OR  
6 JURISDICTION SHALL REMAIN IN THE COMPACTING STATE AND SHALL BE  
7 EXERCISED BY THE AGENCY THEREOF TO WHICH THOSE OBLIGATIONS, DUTIES,  
8 POWERS, OR JURISDICTION ARE DELEGATED BY LAW IN EFFECT AT THE TIME THIS  
9 COMPACT BECOMES EFFECTIVE.

10 29-102.

11 THE INSURANCE COMMISSIONER OF THE MARYLAND INSURANCE  
12 ADMINISTRATION IS HEREBY APPOINTED AS THE STATE OF MARYLAND'S  
13 REPRESENTATIVE TO THE INTERSTATE INSURANCE PRODUCT REGULATION  
14 COMMISSION.

15 SECTION 2. AND BE IT FURTHER ENACTED, That:

16 (a) There is a Task Force on the Interstate Insurance Product Regulation  
17 Compact.

18 (b) The Task Force consists of the following members:

19 (1) two members of the Senate of Maryland, appointed by the President of  
20 the Senate;

21 (2) two members of the House of Delegates, appointed by the Speaker of  
22 the House;

23 (3) the Maryland Insurance Commissioner, or the Commissioner's  
24 designee;

25 (4) three representatives of the insurance industry, appointed by the  
26 Governor; and

27 (5) three consumer representatives, appointed by the Governor.

28 (c) The Maryland Insurance Administration shall provide staff for the Task  
29 Force.

30 (d) A member of the Task Force:

31 (1) may not receive compensation; but

32 (2) is entitled to reimbursement for expenses under the Standard State  
33 Travel Regulations, as provided in the State budget.

34 (e) The Task Force shall:

35 (1) study the Interstate Insurance Product Regulation Compact; and

1           (2)     determine whether the State of Maryland should enter into the  
2 Interstate Insurance Product Regulation Compact.

3     (f)       The Task Force shall report its findings and recommendations to the  
4 Governor and, in accordance with § 2-1246 of the State Government Article, the  
5 General Assembly on or before December 1, 2005.

6     SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
7 remain effective for a period of 1 year and, at the end of September 30, 2006, with no  
8 further action required by the General Assembly, Section 2 of this Act shall be  
9 abrogated and of no further force and effect.

10    SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall  
11 take effect October 1, 2006.

12    SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, ~~That~~ That, except as  
13 provided in Section 4 of this Act, this Act shall take effect October 1, 2005.