
By: **Senator Middleton**

Introduced and read first time: February 4, 2005

Assigned to: Finance

A BILL ENTITLED

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
17 Commission are effective; providing for the withdrawal of a compacting state
18 from the Compact and reinstatement of a withdrawing state; requiring the
19 Commission to take certain actions in the event of certain defaults by a
20 compacting state; providing for the dissolution of the Compact; specifying the
21 effect of the Compact on other laws of a compacting state; specifying that the
22 provisions of the Compact are severable; providing for the construction of the
23 Compact; appointing the Maryland Insurance Commissioner as the State's
24 representative to the Commission; defining certain terms; and generally
25 relating to the Interstate Insurance Product Regulation Compact.

26 BY adding to

27 Article - Insurance

28 Section 29-101 and 29-102 to be under the new title "Title 29. Interstate
29 Insurance Product Regulation Compact"

30 Annotated Code of Maryland

31 (2002 Replacement Volume and 2004 Supplement)

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

1

Article - Insurance

2

TITLE 29. INTERSTATE INSURANCE PRODUCT REGULATION COMPACT.

3 29-101.

4 THE STATE OF MARYLAND HEREBY ENTERS THE INTERSTATE INSURANCE
5 PRODUCT REGULATION COMPACT AS SET FORTH IN THIS SECTION. THE COMPACT
6 SHALL TAKE EFFECT IN ACCORDANCE WITH ARTICLE XIII OF THE COMPACT. THE
7 TEXT OF THE COMPACT IS AS FOLLOWS:

8

ARTICLE I. PURPOSES.

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

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

14 2. TO DEVELOP UNIFORM STANDARDS FOR INSURANCE PRODUCTS COVERED
15 UNDER THE COMPACT;

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

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

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

27 6. TO CREATE THE INTERSTATE INSURANCE PRODUCT REGULATION
28 COMMISSION; AND

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

31

ARTICLE II. DEFINITIONS.

32 FOR PURPOSES OF THIS COMPACT:

33 1. "ADVERTISEMENT" MEANS ANY MATERIAL DESIGNED TO CREATE PUBLIC
34 INTEREST IN A PRODUCT, OR INDUCE THE PUBLIC TO PURCHASE, INCREASE,
35 MODIFY, REINSTATE, BORROW ON, SURRENDER, REPLACE, OR RETAIN A POLICY, AS

1 MORE SPECIFICALLY DEFINED IN THE RULES AND OPERATING PROCEDURES OF THE
2 COMMISSION.

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

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

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

11 5. "COMMISSIONER" MEANS THE CHIEF INSURANCE REGULATORY OFFICIAL
12 OF A STATE, INCLUDING A COMMISSIONER, SUPERINTENDENT, DIRECTOR, OR
13 ADMINISTRATOR.

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

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

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

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

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

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

33 12. "RULE" MEANS A STATEMENT OF GENERAL OR PARTICULAR
34 APPLICABILITY AND FUTURE EFFECT PROMULGATED BY THE COMMISSION,
35 INCLUDING A UNIFORM STANDARD DEVELOPED PURSUANT TO ARTICLE VII OF THIS
36 COMPACT, DESIGNED TO IMPLEMENT, INTERPRET, OR PRESCRIBE LAW OR POLICY OR
37 DESCRIBING THE ORGANIZATION, PROCEDURE, OR PRACTICE REQUIREMENTS OF
38 THE COMMISSION, WHICH SHALL HAVE THE FORCE AND EFFECT OF LAW IN THE
39 COMPACTING STATES.

1 13. "STATE" MEANS ANY STATE, DISTRICT, OR TERRITORY OF THE UNITED
2 STATES OF AMERICA.

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

5 15. "UNIFORM STANDARD" MEANS A STANDARD ADOPTED BY THE
6 COMMISSION FOR A PRODUCT LINE, PURSUANT TO ARTICLE VII OF THIS COMPACT,
7 AND SHALL INCLUDE ALL OF THE PRODUCT REQUIREMENTS IN THE AGGREGATE;
8 PROVIDED, THAT EACH UNIFORM STANDARD SHALL BE CONSTRUED, WHETHER
9 EXPRESS OR IMPLIED, TO PROHIBIT THE USE OF ANY INCONSISTENT, MISLEADING,
10 OR AMBIGUOUS PROVISIONS IN A PRODUCT, AND THE FORM OF THE PRODUCT MADE
11 AVAILABLE TO THE PUBLIC SHALL NOT BE UNFAIR, INEQUITABLE, OR AGAINST
12 PUBLIC POLICY AS DETERMINED BY THE COMMISSION.

13 ARTICLE III. ESTABLISHMENT OF THE COMMISSION AND VENUE.

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

25 2. THE COMMISSION IS A BODY CORPORATE AND POLITIC AND AN
26 INSTRUMENTALITY OF THE COMPACTING STATES.

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

29 4. VENUE IS PROPER AND JUDICIAL PROCEEDINGS BY OR AGAINST THE
30 COMMISSION SHALL BE BROUGHT SOLELY AND EXCLUSIVELY IN A COURT OF
31 COMPETENT JURISDICTION WHERE THE PRINCIPAL OFFICE OF THE COMMISSION IS
32 LOCATED.

33 ARTICLE IV. POWERS OF THE COMMISSION.

34 THE COMMISSION SHALL HAVE THE FOLLOWING POWERS:

35 1. TO PROMULGATE RULES, PURSUANT TO ARTICLE VII OF THIS COMPACT,
36 WHICH SHALL HAVE THE FORCE AND EFFECT OF LAW AND SHALL BE BINDING IN
37 THE COMPACTING STATES TO THE EXTENT AND IN THE MANNER PROVIDED IN THIS
38 COMPACT;

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

19 3. TO RECEIVE AND REVIEW IN AN EXPEDITIOUS MANNER PRODUCTS FILED
20 WITH THE COMMISSION, AND RATE FILINGS FOR DISABILITY INCOME AND
21 LONG-TERM CARE INSURANCE PRODUCTS, AND GIVE APPROVAL OF THOSE
22 PRODUCTS AND RATE FILINGS THAT SATISFY THE APPLICABLE UNIFORM STANDARD,
23 WHERE SUCH APPROVAL SHALL HAVE THE FORCE AND EFFECT OF LAW AND BE
24 BINDING IN THE COMPACTING STATES TO THE EXTENT AND IN THE MANNER
25 PROVIDED BY THE COMPACT;

26 4. TO RECEIVE AND REVIEW IN AN EXPEDITIOUS MANNER ADVERTISEMENT
27 RELATING TO LONG-TERM CARE INSURANCE PRODUCTS FOR WHICH UNIFORM
28 STANDARDS HAVE BEEN ADOPTED BY THE COMMISSION, AND GIVE APPROVAL TO
29 ALL ADVERTISEMENT THAT SATISFIES THE APPLICABLE UNIFORM STANDARD. FOR
30 ANY PRODUCT COVERED UNDER THIS COMPACT, OTHER THAN LONG-TERM CARE
31 INSURANCE PRODUCTS, THE COMMISSION SHALL HAVE THE AUTHORITY TO
32 REQUIRE AN INSURER TO SUBMIT ALL OR ANY PART OF ITS ADVERTISEMENT WITH
33 RESPECT TO THAT PRODUCT FOR REVIEW OR APPROVAL PRIOR TO USE, IF THE
34 COMMISSION DETERMINES THAT THE NATURE OF THE PRODUCT IS SUCH THAT AN
35 ADVERTISEMENT OF THE PRODUCT COULD HAVE THE CAPACITY OR TENDENCY TO
36 MISLEAD THE PUBLIC. THE ACTIONS OF THE COMMISSION AS PROVIDED IN THIS
37 SECTION SHALL HAVE THE FORCE AND EFFECT OF LAW AND SHALL BE BINDING IN
38 THE COMPACTING STATES TO THE EXTENT AND IN THE MANNER PROVIDED IN THE
39 COMPACT;

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

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

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

5 8. TO ISSUE SUBPOENAS REQUIRING THE ATTENDANCE AND TESTIMONY OF
6 WITNESSES AND THE PRODUCTION OF EVIDENCE;

7 9. TO ESTABLISH AND MAINTAIN OFFICES;

8 10. TO PURCHASE AND MAINTAIN INSURANCE AND BONDS;

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

11 12. TO HIRE EMPLOYEES, PROFESSIONALS, OR SPECIALISTS, AND ELECT OR
12 APPOINT OFFICERS AND TO FIX THEIR COMPENSATION, DEFINE THEIR DUTIES, GIVE
13 THEM APPROPRIATE AUTHORITY TO CARRY OUT THE PURPOSES OF THE COMPACT,
14 AND DETERMINE THEIR QUALIFICATIONS; AND TO ESTABLISH THE COMMISSION'S
15 PERSONNEL POLICIES AND PROGRAMS RELATING TO, AMONG OTHER THINGS,
16 CONFLICTS OF INTEREST, RATES OF COMPENSATION, AND QUALIFICATIONS OF
17 PERSONNEL;

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

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

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

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

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

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

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

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

4 21. TO ESTABLISH A BUDGET AND MAKE EXPENDITURES;

5 22. TO BORROW MONEY;

6 23. TO APPOINT COMMITTEES, INCLUDING ADVISORY COMMITTEES
7 COMPRISED OF MEMBERS, STATE INSURANCE REGULATORS, STATE LEGISLATORS OR
8 THEIR REPRESENTATIVES, INSURANCE INDUSTRY AND CONSUMER
9 REPRESENTATIVES, AND SUCH OTHER INTERESTED PERSONS AS MAY BE
10 DESIGNATED IN THE BYLAWS;

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

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

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

17 ARTICLE V. ORGANIZATION OF THE COMMISSION.

18 1. MEMBERSHIP, VOTING, AND BYLAWS.

19 A. EACH COMPACTING STATE SHALL HAVE AND BE LIMITED TO ONE
20 MEMBER. EACH MEMBER SHALL BE QUALIFIED TO SERVE IN THAT CAPACITY
21 PURSUANT TO APPLICABLE LAW OF THE COMPACTING STATE. ANY MEMBER MAY BE
22 REMOVED OR SUSPENDED FROM OFFICE AS PROVIDED BY THE LAW OF THE STATE
23 FROM WHICH THE MEMBER IS APPOINTED. ANY VACANCY OCCURRING IN THE
24 COMMISSION SHALL BE FILLED IN ACCORDANCE WITH THE LAWS OF THE
25 COMPACTING STATE IN WHICH THE VACANCY EXISTS. NOTHING HEREIN SHALL BE
26 CONSTRUED TO AFFECT THE MANNER IN WHICH A COMPACTING STATE
27 DETERMINES THE ELECTION OR APPOINTMENT AND QUALIFICATION OF ITS OWN
28 COMMISSIONER.

29 B. EACH MEMBER SHALL BE ENTITLED TO ONE VOTE AND SHALL HAVE
30 AN OPPORTUNITY TO PARTICIPATE IN THE GOVERNANCE OF THE COMMISSION IN
31 ACCORDANCE WITH THE BYLAWS. NOTWITHSTANDING ANY PROVISION HEREIN TO
32 THE CONTRARY, NO ACTION OF THE COMMISSION WITH RESPECT TO THE
33 PROMULGATION OF A UNIFORM STANDARD SHALL BE EFFECTIVE UNLESS
34 TWO-THIRDS OF THE MEMBERS VOTE IN FAVOR THEREOF.

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

1 I. ESTABLISHING THE FISCAL YEAR OF THE COMMISSION;

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

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

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

20 V. ESTABLISHING THE TITLES, DUTIES, AND AUTHORITY AND
21 REASONABLE PROCEDURES FOR THE ELECTION OF THE OFFICERS OF THE
22 COMMISSION;

23 VI. PROVIDING REASONABLE STANDARDS AND PROCEDURES FOR
24 THE ESTABLISHMENT OF THE PERSONNEL POLICIES AND PROGRAMS OF THE
25 COMMISSION. NOTWITHSTANDING ANY CIVIL SERVICE OR OTHER SIMILAR LAWS OF
26 ANY COMPACTING STATE, THE BYLAWS SHALL EXCLUSIVELY GOVERN THE
27 PERSONNEL POLICIES AND PROGRAMS OF THE COMMISSION;

28 VII. PROMULGATING A CODE OF ETHICS TO ADDRESS PERMISSIBLE
29 AND PROHIBITED ACTIVITIES OF COMMISSION MEMBERS AND EMPLOYEES; AND

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

34 D. THE COMMISSION SHALL PUBLISH ITS BYLAWS IN A CONVENIENT
35 FORM AND FILE A COPY OF THE BYLAWS, AND A COPY OF ANY AMENDMENT TO THE
36 BYLAWS, WITH THE APPROPRIATE AGENCY OR OFFICER IN EACH OF THE
37 COMPACTING STATES.

38 2. MANAGEMENT COMMITTEE, OFFICERS, AND PERSONNEL.

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

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

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

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

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

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

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

26 III. OVERSEEING THE OFFICES OF THE COMMISSION; AND

27 IV. PLANNING, IMPLEMENTING, AND COORDINATING
28 COMMUNICATIONS AND ACTIVITIES WITH OTHER STATE, FEDERAL, AND LOCAL
29 GOVERNMENT ORGANIZATIONS IN ORDER TO ADVANCE THE GOALS OF THE
30 COMMISSION.

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

34 D. THE MANAGEMENT COMMITTEE, SUBJECT TO THE APPROVAL OF
35 THE COMMISSION, MAY APPOINT OR RETAIN AN EXECUTIVE DIRECTOR FOR SUCH
36 PERIOD, ON SUCH TERMS AND CONDITIONS AND FOR SUCH COMPENSATION AS THE
37 COMMISSION MAY DEEM APPROPRIATE. THE EXECUTIVE DIRECTOR SHALL SERVE AS
38 SECRETARY TO THE COMMISSION, BUT SHALL NOT BE A MEMBER OF THE
39 COMMISSION. THE EXECUTIVE DIRECTOR SHALL HIRE AND SUPERVISE SUCH OTHER
40 STAFF AS MAY BE AUTHORIZED BY THE COMMISSION.

1 3. LEGISLATIVE AND ADVISORY COMMITTEES.

2 A. A LEGISLATIVE COMMITTEE COMPRISED OF STATE LEGISLATORS OR
3 THEIR DESIGNEES SHALL BE ESTABLISHED TO MONITOR THE OPERATIONS OF, AND
4 MAKE RECOMMENDATIONS TO, THE COMMISSION, INCLUDING THE MANAGEMENT
5 COMMITTEE; PROVIDED THAT THE MANNER OF SELECTION AND TERM OF ANY
6 LEGISLATIVE COMMITTEE MEMBER SHALL BE AS SET FORTH IN THE BYLAWS. PRIOR
7 TO THE ADOPTION BY THE COMMISSION OF ANY UNIFORM STANDARD, REVISION OF
8 THE BYLAWS, ANNUAL BUDGET, OR OTHER SIGNIFICANT MATTER AS MAY BE
9 PROVIDED IN THE BYLAWS, THE MANAGEMENT COMMITTEE SHALL CONSULT WITH
10 AND REPORT TO THE LEGISLATIVE COMMITTEE.

11 B. THE COMMISSION SHALL ESTABLISH TWO ADVISORY COMMITTEES,
12 ONE OF WHICH SHALL BE COMPRISED OF CONSUMER REPRESENTATIVES
13 INDEPENDENT OF THE INSURANCE INDUSTRY AND THE OTHER COMPRISED OF
14 INSURANCE INDUSTRY REPRESENTATIVES.

15 C. THE COMMISSION MAY ESTABLISH ADDITIONAL ADVISORY
16 COMMITTEES AS ITS BYLAWS MAY PROVIDE FOR THE CARRYING OUT OF ITS
17 FUNCTIONS.

18 4. CORPORATE RECORDS OF THE COMMISSION.

19 THE COMMISSION SHALL MAINTAIN ITS CORPORATE BOOKS AND
20 RECORDS IN ACCORDANCE WITH THE BYLAWS.

21 5. QUALIFIED IMMUNITY, DEFENSE, AND INDEMNIFICATION.

22 A. THE MEMBERS, OFFICERS, EXECUTIVE DIRECTOR, EMPLOYEES, AND
23 REPRESENTATIVES OF THE COMMISSION SHALL BE IMMUNE FROM SUIT AND
24 LIABILITY, EITHER PERSONALLY OR IN THEIR OFFICIAL CAPACITY, FOR ANY CLAIM
25 FOR DAMAGE TO OR LOSS OF PROPERTY OR PERSONAL INJURY OR OTHER CIVIL
26 LIABILITY CAUSED BY OR ARISING OUT OF ANY ACTUAL OR ALLEGED ACT, ERROR, OR
27 OMISSION THAT OCCURRED, OR THAT THE PERSON AGAINST WHOM THE CLAIM IS
28 MADE HAD A REASONABLE BASIS FOR BELIEVING OCCURRED, WITHIN THE SCOPE OF
29 COMMISSION EMPLOYMENT, DUTIES, OR RESPONSIBILITIES; PROVIDED, THAT
30 NOTHING IN THIS PARAGRAPH SHALL BE CONSTRUED TO PROTECT ANY SUCH
31 PERSON FROM SUIT AND/OR LIABILITY FOR ANY DAMAGE, LOSS, INJURY, OR
32 LIABILITY CAUSED BY THE INTENTIONAL OR WILLFUL AND WANTON MISCONDUCT
33 OF THAT PERSON.

34 B. THE COMMISSION SHALL DEFEND ANY MEMBER, OFFICER,
35 EXECUTIVE DIRECTOR, EMPLOYEE, OR REPRESENTATIVE OF THE COMMISSION IN
36 ANY CIVIL ACTION SEEKING TO IMPOSE LIABILITY ARISING OUT OF ANY ACTUAL OR
37 ALLEGED ACT, ERROR, OR OMISSION THAT OCCURRED WITHIN THE SCOPE OF
38 COMMISSION EMPLOYMENT, DUTIES, OR RESPONSIBILITIES, OR THAT THE PERSON
39 AGAINST WHOM THE CLAIM IS MADE HAD A REASONABLE BASIS FOR BELIEVING
40 OCCURRED WITHIN THE SCOPE OF COMMISSION EMPLOYMENT, DUTIES, OR
41 RESPONSIBILITIES; PROVIDED, THAT NOTHING HEREIN SHALL BE CONSTRUED TO
42 PROHIBIT THAT PERSON FROM RETAINING THE PERSON'S OWN COUNSEL; AND

1 PROVIDED FURTHER, THAT THE ACTUAL OR ALLEGED ACT, ERROR, OR OMISSION DID
2 NOT RESULT FROM THAT PERSON'S INTENTIONAL OR WILLFUL AND WANTON
3 MISCONDUCT.

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

14 ARTICLE VI. MEETINGS AND ACTS OF THE COMMISSION.

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

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

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

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

27 1. RULE MAKING AUTHORITY. THE COMMISSION SHALL PROMULGATE
28 REASONABLE RULES, INCLUDING UNIFORM STANDARDS, AND OPERATING
29 PROCEDURES IN ORDER TO EFFECTIVELY AND EFFICIENTLY ACHIEVE THE
30 PURPOSES OF THIS COMPACT. NOTWITHSTANDING THE FOREGOING, IN THE EVENT
31 THE COMMISSION EXERCISES ITS RULE MAKING AUTHORITY IN A MANNER THAT IS
32 BEYOND THE SCOPE OF THE PURPOSES OF THIS COMPACT, OR THE POWERS
33 GRANTED UNDER THIS COMPACT, THEN SUCH AN ACTION BY THE COMMISSION
34 SHALL BE INVALID AND HAVE NO FORCE AND EFFECT.

35 2. RULE MAKING PROCEDURE. RULES AND OPERATING PROCEDURES SHALL
36 BE MADE PURSUANT TO A RULE MAKING PROCESS THAT CONFORMS TO THE MODEL
37 STATE ADMINISTRATIVE PROCEDURE ACT OF 1981, AS AMENDED, AS MAY BE
38 APPROPRIATE TO THE OPERATIONS OF THE COMMISSION. BEFORE THE COMMISSION
39 ADOPTS A UNIFORM STANDARD, THE COMMISSION SHALL GIVE WRITTEN NOTICE TO
40 THE RELEVANT STATE LEGISLATIVE COMMITTEES IN EACH COMPACTING STATE
41 RESPONSIBLE FOR INSURANCE ISSUES OF ITS INTENTION TO ADOPT THE UNIFORM

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

4 3. EFFECTIVE DATE AND OPT OUT OF A UNIFORM STANDARD. A UNIFORM
5 STANDARD SHALL BECOME EFFECTIVE 90 DAYS AFTER ITS PROMULGATION BY THE
6 COMMISSION OR SUCH LATER DATE AS THE COMMISSION MAY DETERMINE;
7 PROVIDED, HOWEVER, THAT A COMPACTING STATE MAY OPT OUT OF A UNIFORM
8 STANDARD AS PROVIDED IN THIS ARTICLE. "OPT OUT" SHALL BE DEFINED AS ANY
9 ACTION BY A 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 OF THE
12 DATE SPECIFIED IN EACH RULE, OPERATING PROCEDURE, OR AMENDMENT.

13 4. OPT OUT PROCEDURE. A COMPACTING STATE MAY OPT OUT OF A UNIFORM
14 STANDARD, EITHER BY LEGISLATION OR REGULATION DULY PROMULGATED BY THE
15 INSURANCE DEPARTMENT UNDER THE COMPACTING STATE'S ADMINISTRATIVE
16 PROCEDURE ACT OR DULY PROMULGATED PURSUANT TO THE COMPACTING STATE'S
17 LAW. IF A COMPACTING STATE ELECTS TO OPT OUT OF A UNIFORM STANDARD BY
18 REGULATION, IT MUST: (I) GIVE WRITTEN NOTICE TO THE COMMISSION NO LATER
19 THAN 10 BUSINESS DAYS AFTER THE UNIFORM STANDARD IS PROMULGATED, OR AT
20 A TIME THE STATE BECOMES A COMPACTING STATE; AND (II) FIND THAT THE
21 UNIFORM STANDARD DOES NOT PROVIDE REASONABLE PROTECTIONS TO THE
22 CITIZENS OF THE STATE, GIVEN THE CONDITIONS IN THE STATE. THE
23 COMMISSIONER SHALL MAKE SPECIFIC FINDINGS OF FACT AND CONCLUSIONS OF
24 LAW, BASED ON A PREPONDERANCE OF THE EVIDENCE, DETAILING THE CONDITIONS
25 IN THE STATE WHICH WARRANT A DEPARTURE FROM THE UNIFORM STANDARD AND
26 DETERMINING THAT THE UNIFORM STANDARD WOULD NOT REASONABLY PROTECT
27 THE CITIZENS OF THE STATE. THE COMMISSIONER MUST CONSIDER AND BALANCE
28 THE FOLLOWING FACTORS AND FIND THAT THE CONDITIONS IN THE STATE AND
29 NEEDS OF THE CITIZENS OF THE STATE OUTWEIGH: (I) THE INTENT OF THE
30 LEGISLATURE TO PARTICIPATE IN, AND THE BENEFITS OF, AN INTERSTATE
31 AGREEMENT TO ESTABLISH NATIONAL UNIFORM CONSUMER PROTECTIONS FOR THE
32 PRODUCTS SUBJECT TO THIS COMPACT; AND (II) THE PRESUMPTION THAT A
33 UNIFORM STANDARD ADOPTED BY THE COMMISSION PROVIDES REASONABLE
34 PROTECTIONS TO CONSUMERS OF THE RELEVANT PRODUCT.

35 NOTWITHSTANDING THE FOREGOING, A COMPACTING STATE MAY, AT THE
36 TIME OF ITS ENACTMENT OF THIS COMPACT, PROSPECTIVELY OPT OUT OF ALL
37 UNIFORM STANDARDS INVOLVING LONG-TERM CARE INSURANCE PRODUCTS BY
38 EXPRESSLY PROVIDING FOR SUCH OPT OUT IN THE ENACTED COMPACT, AND SUCH
39 AN OPT OUT SHALL NOT BE TREATED AS A MATERIAL VARIANCE IN THE OFFER OR
40 ACCEPTANCE OF ANY STATE TO PARTICIPATE IN THIS COMPACT. SUCH AN OPT OUT
41 SHALL BE EFFECTIVE AT THE TIME OF ENACTMENT OF THIS COMPACT BY THE
42 COMPACTING STATE AND SHALL APPLY TO ALL EXISTING UNIFORM STANDARDS
43 INVOLVING LONG-TERM CARE INSURANCE PRODUCTS AND THOSE SUBSEQUENTLY
44 PROMULGATED.

1 5. EFFECT OF OPT OUT. IF A COMPACTING STATE ELECTS TO OPT OUT OF A
2 UNIFORM STANDARD, THE UNIFORM STANDARD SHALL REMAIN APPLICABLE IN THE
3 COMPACTING STATE ELECTING TO OPT OUT UNTIL SUCH TIME AS THE OPT OUT
4 LEGISLATION IS ENACTED INTO LAW OR THE REGULATION OPTING OUT BECOMES
5 EFFECTIVE.

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

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

32 7. NOT LATER THAN 30 DAYS AFTER A RULE OR OPERATING PROCEDURE IS
33 PROMULGATED, ANY PERSON MAY FILE A PETITION FOR JUDICIAL REVIEW OF THE
34 RULE OR OPERATING PROCEDURE; PROVIDED, THAT THE FILING OF SUCH A
35 PETITION SHALL NOT STAY OR OTHERWISE PREVENT THE RULE OR OPERATING
36 PROCEDURE FROM BECOMING EFFECTIVE UNLESS THE COURT FINDS THAT THE
37 PETITIONER HAS A SUBSTANTIAL LIKELIHOOD OF SUCCESS. THE COURT SHALL GIVE
38 DEFERENCE TO THE ACTIONS OF THE COMMISSION CONSISTENT WITH APPLICABLE
39 LAW AND SHALL NOT FIND THE RULE OR OPERATING PROCEDURE TO BE UNLAWFUL
40 IF THE RULE OR OPERATING PROCEDURE REPRESENTS A REASONABLE EXERCISE OF
41 THE COMMISSION'S AUTHORITY.

42 ARTICLE VIII. COMMISSION RECORDS AND ENFORCEMENT.

43 1. THE COMMISSION SHALL PROMULGATE RULES ESTABLISHING
44 CONDITIONS AND PROCEDURES FOR PUBLIC INSPECTION AND COPYING OF ITS

1 INFORMATION AND OFFICIAL RECORDS, EXCEPT SUCH INFORMATION AND RECORDS
2 INVOLVING THE PRIVACY OF INDIVIDUALS AND INSURERS' TRADE SECRETS. THE
3 COMMISSION MAY PROMULGATE ADDITIONAL RULES UNDER WHICH IT MAY MAKE
4 AVAILABLE TO FEDERAL AND STATE AGENCIES, INCLUDING LAW-ENFORCEMENT
5 AGENCIES, RECORDS AND INFORMATION OTHERWISE EXEMPT FROM DISCLOSURE,
6 AND MAY ENTER INTO AGREEMENTS WITH SUCH AGENCIES TO RECEIVE OR
7 EXCHANGE INFORMATION OR RECORDS SUBJECT TO NONDISCLOSURE AND
8 CONFIDENTIALITY PROVISIONS.

9 2. EXCEPT AS TO PRIVILEGED RECORDS, DATA, AND INFORMATION, THE
10 LAWS OF ANY COMPACTING STATE PERTAINING TO CONFIDENTIALITY OR
11 NONDISCLOSURE SHALL NOT RELIEVE ANY COMPACTING STATE COMMISSIONER OF
12 THE DUTY TO DISCLOSE ANY RELEVANT RECORDS, DATA, OR INFORMATION TO THE
13 COMMISSION; PROVIDED, THAT DISCLOSURE TO THE COMMISSION SHALL NOT BE
14 DEEMED TO WAIVE OR OTHERWISE AFFECT ANY CONFIDENTIALITY REQUIREMENT;
15 AND FURTHER PROVIDED, THAT, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN
16 THIS COMPACT, THE COMMISSION SHALL NOT BE SUBJECT TO THE COMPACTING
17 STATE'S LAWS PERTAINING TO CONFIDENTIALITY AND NONDISCLOSURE WITH
18 RESPECT TO RECORDS, DATA, AND INFORMATION IN ITS POSSESSION.
19 CONFIDENTIAL INFORMATION OF THE COMMISSION SHALL REMAIN CONFIDENTIAL
20 AFTER SUCH INFORMATION IS PROVIDED TO ANY COMMISSIONER.

21 3. THE COMMISSION SHALL MONITOR COMPACTING STATES FOR
22 COMPLIANCE WITH DULY ADOPTED BYLAWS, RULES, INCLUDING UNIFORM
23 STANDARDS, AND OPERATING PROCEDURES. THE COMMISSION SHALL NOTIFY ANY
24 NONCOMPLYING COMPACTING STATE IN WRITING OF ITS NONCOMPLIANCE WITH
25 COMMISSION BYLAWS, RULES, OR OPERATING PROCEDURES. IF A NONCOMPLYING
26 COMPACTING STATE FAILS TO REMEDY ITS NONCOMPLIANCE WITHIN THE TIME
27 SPECIFIED IN THE NOTICE OF NONCOMPLIANCE, THE COMPACTING STATE SHALL BE
28 DEEMED TO BE IN DEFAULT AS SET FORTH IN ARTICLE XIV.

29 4. THE COMMISSIONER OF ANY STATE IN WHICH AN INSURER IS
30 AUTHORIZED TO DO BUSINESS, OR IS CONDUCTING THE BUSINESS OF INSURANCE,
31 SHALL CONTINUE TO EXERCISE THE COMMISSIONER'S AUTHORITY TO OVERSEE THE
32 MARKET REGULATION OF THE ACTIVITIES OF THE INSURER IN ACCORDANCE WITH
33 THE PROVISIONS OF THE STATE'S LAW. THE COMMISSIONER'S ENFORCEMENT OF
34 COMPLIANCE WITH THE COMPACT IS GOVERNED BY THE FOLLOWING PROVISIONS:

35 A. WITH RESPECT TO THE COMMISSIONER'S MARKET REGULATION OF A
36 PRODUCT OR ADVERTISEMENT THAT IS APPROVED BY OR CERTIFIED TO THE
37 COMMISSION, THE CONTENT OF THE PRODUCT OR ADVERTISEMENT SHALL NOT
38 CONSTITUTE A VIOLATION OF THE PROVISIONS, STANDARDS, OR REQUIREMENTS OF
39 THE COMPACT EXCEPT ON A FINAL ORDER OF THE COMMISSION, ISSUED AT THE
40 REQUEST OF A COMMISSIONER AFTER PRIOR NOTICE TO THE INSURER AND AN
41 OPPORTUNITY FOR A HEARING BEFORE THE COMMISSION.

42 B. BEFORE A COMMISSIONER MAY BRING AN ACTION FOR VIOLATION
43 OF ANY PROVISION, STANDARD, OR REQUIREMENT OF THE COMPACT RELATING TO
44 THE CONTENT OF AN ADVERTISEMENT NOT APPROVED BY OR CERTIFIED TO THE

1 COMMISSION, THE COMMISSION, OR AN AUTHORIZED COMMISSION OFFICER OR
2 EMPLOYEE, MUST AUTHORIZE THE ACTION. HOWEVER, AUTHORIZATION PURSUANT
3 TO THIS PARAGRAPH DOES NOT REQUIRE NOTICE TO THE INSURER, OPPORTUNITY
4 FOR A HEARING, DISCLOSURE OF REQUESTS FOR AUTHORIZATION, OR DISCLOSURE
5 OF RECORDS OF THE COMMISSION'S ACTION ON SUCH REQUESTS.

6 ARTICLE IX. DISPUTE RESOLUTION.

7 THE COMMISSION SHALL ATTEMPT, ON THE REQUEST OF A MEMBER, TO
8 RESOLVE ANY DISPUTES OR OTHER ISSUES THAT ARE SUBJECT TO THIS COMPACT
9 AND WHICH MAY ARISE BETWEEN TWO OR MORE COMPACTING STATES, OR
10 BETWEEN COMPACTING STATES AND NON-COMPACTING STATES, AND THE
11 COMMISSION SHALL PROMULGATE AN OPERATING PROCEDURE PROVIDING FOR
12 RESOLUTION OF SUCH DISPUTES.

13 ARTICLE X. PRODUCT FILING AND APPROVAL.

14 1. INSURERS AND THIRD-PARTY FILERS SEEKING TO HAVE A PRODUCT
15 APPROVED BY THE COMMISSION SHALL FILE THE PRODUCT WITH, AND PAY
16 APPLICABLE FILING FEES TO, THE COMMISSION. NOTHING IN THIS COMPACT SHALL
17 BE CONSTRUED TO RESTRICT OR OTHERWISE PREVENT AN INSURER FROM FILING
18 ITS PRODUCT WITH THE INSURANCE DEPARTMENT IN ANY STATE IN WHICH THE
19 INSURER IS LICENSED TO CONDUCT THE BUSINESS OF INSURANCE, AND SUCH
20 FILING SHALL BE SUBJECT TO THE LAWS OF THE STATES WHERE FILED.

21 2. THE COMMISSION SHALL ESTABLISH APPROPRIATE FILING AND REVIEW
22 PROCESSES AND PROCEDURES PURSUANT TO COMMISSION RULES AND OPERATING
23 PROCEDURES. NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, THE
24 COMMISSION SHALL PROMULGATE RULES TO ESTABLISH CONDITIONS AND
25 PROCEDURES UNDER WHICH THE COMMISSION WILL PROVIDE PUBLIC ACCESS TO
26 PRODUCT FILING INFORMATION. IN ESTABLISHING SUCH RULES, THE COMMISSION
27 SHALL CONSIDER THE INTERESTS OF THE PUBLIC IN HAVING ACCESS TO SUCH
28 INFORMATION, AS WELL AS THE PROTECTION OF PERSONAL MEDICAL AND
29 FINANCIAL INFORMATION AND TRADE SECRETS THAT MAY BE CONTAINED IN A
30 PRODUCT FILING OR SUPPORTING INFORMATION.

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

34 ARTICLE XI. REVIEW OF COMMISSION DECISIONS REGARDING FILINGS.

35 1. NOT LATER THAN 30 DAYS AFTER THE COMMISSION HAS GIVEN NOTICE
36 OF A DISAPPROVED PRODUCT OR ADVERTISEMENT FILED WITH THE COMMISSION,
37 THE INSURER OR THIRD-PARTY FILER WHOSE FILING WAS DISAPPROVED MAY
38 APPEAL THE DETERMINATION TO A REVIEW PANEL APPOINTED BY THE
39 COMMISSION. THE COMMISSION SHALL PROMULGATE RULES TO ESTABLISH
40 PROCEDURES FOR APPOINTING SUCH REVIEW PANELS AND PROVIDE FOR NOTICE
41 AND A HEARING. AN ALLEGATION THAT THE COMMISSION, IN DISAPPROVING A

1 PRODUCT OR ADVERTISEMENT FILED WITH THE COMMISSION, ACTED ARBITRARILY,
2 CAPRICIOUSLY, OR IN A MANNER THAT IS AN ABUSE OF DISCRETION OR OTHERWISE
3 NOT IN ACCORDANCE WITH THE LAW, IS SUBJECT TO JUDICIAL REVIEW IN
4 ACCORDANCE WITH ARTICLE III, SECTION 4.

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

11 ARTICLE XII. FINANCE.

12 1. THE COMMISSION SHALL PAY OR PROVIDE FOR THE PAYMENT OF THE
13 REASONABLE EXPENSES OF ITS ESTABLISHMENT AND ORGANIZATION. TO FUND THE
14 COST OF ITS INITIAL OPERATIONS, THE COMMISSION MAY ACCEPT CONTRIBUTIONS
15 AND OTHER FORMS OF FUNDING FROM THE NATIONAL ASSOCIATION OF INSURANCE
16 COMMISSIONERS, COMPACTING STATES, AND OTHER SOURCES. CONTRIBUTIONS
17 AND OTHER FORMS OF FUNDING FROM OTHER SOURCES SHALL BE OF SUCH A
18 NATURE THAT THE INDEPENDENCE OF THE COMMISSION CONCERNING THE
19 PERFORMANCE OF ITS DUTIES SHALL NOT BE COMPROMISED.

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

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

27 4. THE COMMISSION SHALL BE EXEMPT FROM ALL TAXATION IN AND BY THE
28 COMPACTING STATES.

29 5. THE COMMISSION SHALL NOT PLEDGE THE CREDIT OF ANY COMPACTING
30 STATE, EXCEPT BY AND WITH THE APPROPRIATE LEGAL AUTHORITY OF THAT
31 COMPACTING STATE.

32 6. THE COMMISSION SHALL KEEP COMPLETE AND ACCURATE ACCOUNTS OF
33 ALL ITS INTERNAL RECEIPTS, INCLUDING GRANTS AND DONATIONS, AND
34 DISBURSEMENTS OF ALL FUNDS UNDER ITS CONTROL. THE INTERNAL FINANCIAL
35 ACCOUNTS OF THE COMMISSION SHALL BE SUBJECT TO THE ACCOUNTING
36 PROCEDURES ESTABLISHED UNDER ITS BYLAWS. THE FINANCIAL ACCOUNTS AND
37 REPORTS, INCLUDING THE SYSTEM OF INTERNAL CONTROLS AND PROCEDURES OF
38 THE COMMISSION, SHALL BE AUDITED ANNUALLY BY AN INDEPENDENT CERTIFIED
39 PUBLIC ACCOUNTANT. ON THE DETERMINATION OF THE COMMISSION, BUT NO LESS
40 FREQUENTLY THAN EVERY 3 YEARS, THE REVIEW OF THE INDEPENDENT AUDITOR
41 SHALL INCLUDE A MANAGEMENT AND PERFORMANCE AUDIT OF THE COMMISSION.

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

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

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

26 3. AMENDMENTS TO THE COMPACT MAY BE PROPOSED BY THE COMMISSION
27 FOR ENACTMENT BY THE COMPACTING STATES. NO AMENDMENT SHALL BECOME
28 EFFECTIVE AND BINDING ON THE COMMISSION AND THE COMPACTING STATES
29 UNLESS AND UNTIL ALL COMPACTING STATES ENACT THE AMENDMENT INTO LAW.

30 ARTICLE XIV. WITHDRAWAL, DEFAULT, AND TERMINATION.

31 1. WITHDRAWAL.

32 A. ONCE EFFECTIVE, THE COMPACT SHALL CONTINUE IN FORCE AND
33 REMAIN BINDING ON EACH AND EVERY COMPACTING STATE; PROVIDED, THAT A
34 COMPACTING STATE MAY WITHDRAW FROM THE COMPACT (WITHDRAWING STATE)
35 BY ENACTING A STATUTE SPECIFICALLY REPEALING THE STATUTE WHICH ENACTED
36 THE COMPACT INTO LAW.

37 B. THE EFFECTIVE DATE OF WITHDRAWAL IS THE EFFECTIVE DATE OF
38 THE REPEALING STATUTE. HOWEVER, THE WITHDRAWAL SHALL NOT APPLY TO ANY
39 PRODUCT FILINGS APPROVED OR SELF-CERTIFIED, OR ANY ADVERTISEMENT OF
40 SUCH PRODUCTS, ON THE DATE THE REPEALING STATUTE BECOMES EFFECTIVE,

1 EXCEPT BY MUTUAL AGREEMENT OF THE COMMISSION AND THE WITHDRAWING
2 STATE UNLESS THE APPROVAL IS RESCINDED BY THE WITHDRAWING STATE AS
3 PROVIDED IN SUBSECTION E OF THIS SECTION.

4 C. THE COMMISSIONER OF THE WITHDRAWING STATE IMMEDIATELY
5 SHALL NOTIFY THE MANAGEMENT COMMITTEE IN WRITING ON THE INTRODUCTION
6 OF LEGISLATION REPEALING THIS COMPACT IN THE WITHDRAWING STATE.

7 D. THE COMMISSION SHALL NOTIFY THE OTHER COMPACTING STATES
8 OF THE INTRODUCTION OF SUCH LEGISLATION WITHIN 10 DAYS AFTER ITS RECEIPT
9 OF NOTICE THEREOF.

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

22 F. REINSTATEMENT FOLLOWING WITHDRAWAL OF ANY COMPACTING
23 STATE SHALL OCCUR ON THE EFFECTIVE DATE OF THE WITHDRAWING STATE
24 REENACTING THE COMPACT.

25 2. DEFAULT.

26 A. IF THE COMMISSION DETERMINES THAT ANY COMPACTING STATE
27 HAS AT ANY TIME DEFAULTED (DEFAULTING STATE) IN THE PERFORMANCE OF ANY
28 OF ITS OBLIGATIONS OR RESPONSIBILITIES UNDER THE COMPACT, THE BYLAWS, OR
29 DULY PROMULGATED RULES OR OPERATING PROCEDURES, THEN, AFTER NOTICE
30 AND A HEARING AS SET FORTH IN THE BYLAWS, ALL RIGHTS, PRIVILEGES, AND
31 BENEFITS CONFERRED BY THIS COMPACT ON THE DEFAULTING STATE SHALL BE
32 SUSPENDED FROM THE EFFECTIVE DATE OF DEFAULT AS FIXED BY THE
33 COMMISSION. THE GROUNDS FOR DEFAULT INCLUDE THE FAILURE OF A
34 COMPACTING STATE TO PERFORM ITS OBLIGATIONS OR RESPONSIBILITIES AND ANY
35 OTHER GROUNDS DESIGNATED IN COMMISSION RULES. THE COMMISSION
36 IMMEDIATELY SHALL NOTIFY THE DEFAULTING STATE IN WRITING OF THE
37 DEFAULTING STATE'S SUSPENSION PENDING A CURE OF THE DEFAULT. THE
38 COMMISSION SHALL STIPULATE THE CONDITIONS AND THE TIME PERIOD WITHIN
39 WHICH THE DEFAULTING STATE MUST CURE ITS DEFAULT. IF THE DEFAULTING
40 STATE FAILS TO CURE THE DEFAULT WITHIN THE TIME PERIOD SPECIFIED BY THE
41 COMMISSION, THE DEFAULTING STATE SHALL BE TERMINATED FROM THE COMPACT
42 AND ALL RIGHTS, PRIVILEGES, AND BENEFITS CONFERRED BY THIS COMPACT SHALL
43 BE TERMINATED FROM THE EFFECTIVE DATE OF TERMINATION.

1 B. PRODUCT APPROVALS BY THE COMMISSION OR PRODUCT
2 SELF-CERTIFICATIONS, OR ANY ADVERTISEMENT IN CONNECTION WITH SUCH
3 PRODUCT, THAT ARE IN FORCE ON THE EFFECTIVE DATE OF TERMINATION SHALL
4 REMAIN IN FORCE IN THE DEFAULTING STATE IN THE SAME MANNER AS IF THE
5 DEFAULTING STATE HAD WITHDRAWN VOLUNTARILY PURSUANT TO SECTION 1 OF
6 THIS ARTICLE.

7 C. REINSTATEMENT FOLLOWING TERMINATION OF ANY COMPACTING
8 STATE REQUIRES A REENACTMENT OF THE COMPACT.

9 3. DISSOLUTION OF COMPACT.

10 A. THE COMPACT DISSOLVES EFFECTIVE ON THE DATE OF THE
11 WITHDRAWAL OR DEFAULT OF THE COMPACTING STATE WHICH REDUCES
12 MEMBERSHIP IN THE COMPACT TO ONE COMPACTING STATE.

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

17 ARTICLE XV. SEVERABILITY AND CONSTRUCTION.

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

21 2. THE PROVISIONS OF THIS COMPACT SHALL BE LIBERALLY CONSTRUED TO
22 EFFECTUATE ITS PURPOSES.

23 ARTICLE XVI. OTHER LAWS AND BINDING EFFECT OF COMPACT.

24 1. OTHER LAWS.

25 A. NOTHING HEREIN PREVENTS THE ENFORCEMENT OF ANY OTHER
26 LAW OF A COMPACTING STATE, EXCEPT AS PROVIDED IN PARAGRAPH B OF THIS
27 SECTION.

28 B. FOR ANY PRODUCT APPROVED BY OR CERTIFIED TO THE
29 COMMISSION, THE RULES, UNIFORM STANDARDS, AND ANY OTHER REQUIREMENTS
30 OF THE COMMISSION SHALL CONSTITUTE THE EXCLUSIVE PROVISIONS APPLICABLE
31 TO THE CONTENT, APPROVAL, AND CERTIFICATION OF SUCH PRODUCTS. FOR AN
32 ADVERTISEMENT THAT IS SUBJECT TO THE COMMISSION'S AUTHORITY, ANY RULE,
33 UNIFORM STANDARD, OR OTHER REQUIREMENT OF THE COMMISSION WHICH
34 GOVERNS THE CONTENT OF THE ADVERTISEMENT SHALL CONSTITUTE THE
35 EXCLUSIVE PROVISION THAT A COMMISSIONER MAY APPLY TO THE CONTENT OF
36 THE ADVERTISEMENT. NOTWITHSTANDING THE FOREGOING, NO ACTION TAKEN BY
37 THE COMMISSION SHALL ABROGATE OR RESTRICT: (I) THE ACCESS OF ANY PERSON
38 TO STATE COURTS; (II) REMEDIES AVAILABLE UNDER STATE LAW RELATED TO
39 BREACH OF CONTRACT, TORT, OR OTHER LAWS NOT SPECIFICALLY DIRECTED TO

1 THE CONTENT OF THE PRODUCT; (III) STATE LAW RELATING TO THE CONSTRUCTION
2 OF INSURANCE CONTRACTS; OR (IV) THE AUTHORITY OF THE ATTORNEY GENERAL
3 OF THE STATE, INCLUDING MAINTAINING ANY ACTIONS OR PROCEEDINGS, AS
4 AUTHORIZED BY LAW.

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

7 2. BINDING EFFECT OF COMPACT.

8 A. ALL LAWFUL ACTIONS OF THE COMMISSION, INCLUDING ALL RULES
9 AND OPERATING PROCEDURES PROMULGATED BY THE COMMISSION, ARE BINDING
10 ON THE COMPACTING STATES.

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

13 C. ON THE REQUEST OF A PARTY TO A CONFLICT OVER THE MEANING
14 OR INTERPRETATION OR COMMISSION ACTIONS, AND ON A MAJORITY VOTE OF THE
15 COMPACTING STATES, THE COMMISSION MAY ISSUE ADVISORY OPINIONS
16 REGARDING THE MEANING OR INTERPRETATION IN DISPUTE.

17 D. IN THE EVENT ANY PROVISION OF THIS COMPACT EXCEEDS THE
18 CONSTITUTIONAL LIMITS IMPOSED ON THE LEGISLATURE OF ANY COMPACTING
19 STATE, THE OBLIGATIONS, DUTIES, POWERS, OR JURISDICTION SOUGHT TO BE
20 CONFERRED BY THAT PROVISION ON THE COMMISSION SHALL BE INEFFECTIVE AS
21 TO THAT COMPACTING STATE, AND THOSE OBLIGATIONS, DUTIES, POWERS, OR
22 JURISDICTION SHALL REMAIN IN THE COMPACTING STATE AND SHALL BE
23 EXERCISED BY THE AGENCY THEREOF TO WHICH THOSE OBLIGATIONS, DUTIES,
24 POWERS, OR JURISDICTION ARE DELEGATED BY LAW IN EFFECT AT THE TIME THIS
25 COMPACT BECOMES EFFECTIVE.

26 29-102.

27 THE INSURANCE COMMISSIONER OF THE MARYLAND INSURANCE
28 ADMINISTRATION IS HEREBY APPOINTED AS THE STATE OF MARYLAND'S
29 REPRESENTATIVE TO THE INTERSTATE INSURANCE PRODUCT REGULATION
30 COMMISSION.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 2005.