
By: ~~Senator Middleton~~ Senators Middleton, Astle, Exum, Gladden, Hafer, Hooper, Kelley, Klausmeier, Pipkin, and Teitelbaum

Introduced and read first time: February 4, 2005

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 21, 2005

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
 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

1 Article - Insurance
2 Section 29-101 and 29-102 to be under the new title "Title 29. Interstate
3 Insurance Product Regulation Compact"
4 Annotated Code of Maryland
5 (2002 Replacement Volume and 2004 Supplement)

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

8 **Article - Insurance**

9 TITLE 29. INTERSTATE INSURANCE PRODUCT REGULATION COMPACT.
10 29-101.

11 THE STATE OF MARYLAND HEREBY ENTERS THE INTERSTATE INSURANCE
12 PRODUCT REGULATION COMPACT AS SET FORTH IN THIS SECTION. THE COMPACT
13 SHALL TAKE EFFECT IN ACCORDANCE WITH ARTICLE XIII OF THE COMPACT. THE
14 TEXT OF THE COMPACT IS AS FOLLOWS:

15 ARTICLE I. PURPOSES.

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

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

21 2. TO DEVELOP UNIFORM STANDARDS FOR INSURANCE PRODUCTS COVERED
22 UNDER THE COMPACT;

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

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

30 5. TO IMPROVE COORDINATION OF REGULATORY RESOURCES AND
31 EXPERTISE BETWEEN STATE INSURANCE DEPARTMENTS REGARDING THE SETTING
32 OF UNIFORM STANDARDS AND REVIEW OF INSURANCE PRODUCTS COVERED UNDER
33 THE COMPACT;

34 6. TO CREATE THE INTERSTATE INSURANCE PRODUCT REGULATION
35 COMMISSION; AND

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

3 ARTICLE II. DEFINITIONS.

4 FOR PURPOSES OF THIS COMPACT:

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

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

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

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

18 5. "COMMISSIONER" MEANS THE CHIEF INSURANCE REGULATORY OFFICIAL
19 OF A STATE, INCLUDING A COMMISSIONER, SUPERINTENDENT, DIRECTOR, OR
20 ADMINISTRATOR.

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

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

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

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

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

34 11. "PRODUCT" MEANS THE FORM OF A POLICY OR CONTRACT, INCLUDING
35 ANY APPLICATION, ENDORSEMENT, OR RELATED FORM WHICH IS ATTACHED TO AND
36 MADE A PART OF THE POLICY OR CONTRACT, AND ANY EVIDENCE OF COVERAGE OR
37 CERTIFICATE, FOR AN INDIVIDUAL OR GROUP ANNUITY, LIFE INSURANCE,

1 DISABILITY INCOME, OR LONG-TERM CARE INSURANCE PRODUCT THAT AN INSURER
2 IS AUTHORIZED TO ISSUE.

3 12. "RULE" MEANS A STATEMENT OF GENERAL OR PARTICULAR
4 APPLICABILITY AND FUTURE EFFECT PROMULGATED BY THE COMMISSION,
5 INCLUDING A UNIFORM STANDARD DEVELOPED PURSUANT TO ARTICLE VII OF THIS
6 COMPACT, DESIGNED TO IMPLEMENT, INTERPRET, OR PRESCRIBE LAW OR POLICY OR
7 DESCRIBING THE ORGANIZATION, PROCEDURE, OR PRACTICE REQUIREMENTS OF
8 THE COMMISSION, WHICH SHALL HAVE THE FORCE AND EFFECT OF LAW IN THE
9 COMPACTING STATES.

10 13. "STATE" MEANS ANY STATE, DISTRICT, OR TERRITORY OF THE UNITED
11 STATES OF AMERICA.

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

14 15. "UNIFORM STANDARD" MEANS A STANDARD ADOPTED BY THE
15 COMMISSION FOR A PRODUCT LINE, PURSUANT TO ARTICLE VII OF THIS COMPACT,
16 AND SHALL INCLUDE ALL OF THE PRODUCT REQUIREMENTS IN THE AGGREGATE;
17 PROVIDED, THAT EACH UNIFORM STANDARD SHALL BE CONSTRUED, WHETHER
18 EXPRESS OR IMPLIED, TO PROHIBIT THE USE OF ANY INCONSISTENT, MISLEADING,
19 OR AMBIGUOUS PROVISIONS IN A PRODUCT, AND THE FORM OF THE PRODUCT MADE
20 AVAILABLE TO THE PUBLIC SHALL NOT BE UNFAIR, INEQUITABLE, OR AGAINST
21 PUBLIC POLICY AS DETERMINED BY THE COMMISSION.

22 ARTICLE III. ESTABLISHMENT OF THE COMMISSION AND VENUE.

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

34 2. THE COMMISSION IS A BODY CORPORATE AND POLITIC AND AN
35 INSTRUMENTALITY OF THE COMPACTING STATES.

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

38 4. VENUE IS PROPER AND JUDICIAL PROCEEDINGS BY OR AGAINST THE
39 COMMISSION SHALL BE BROUGHT SOLELY AND EXCLUSIVELY IN A COURT OF

1 COMPETENT JURISDICTION WHERE THE PRINCIPAL OFFICE OF THE COMMISSION IS
2 LOCATED.

3 ARTICLE IV. POWERS OF THE COMMISSION.

4 THE COMMISSION SHALL HAVE THE FOLLOWING POWERS:

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

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

27 3. TO RECEIVE AND REVIEW IN AN EXPEDITIOUS MANNER PRODUCTS FILED
28 WITH THE COMMISSION, AND RATE FILINGS FOR DISABILITY INCOME AND
29 LONG-TERM CARE INSURANCE PRODUCTS, AND GIVE APPROVAL OF THOSE
30 PRODUCTS AND RATE FILINGS THAT SATISFY THE APPLICABLE UNIFORM STANDARD,
31 WHERE SUCH APPROVAL SHALL HAVE THE FORCE AND EFFECT OF LAW AND BE
32 BINDING IN THE COMPACTING STATES TO THE EXTENT AND IN THE MANNER
33 PROVIDED BY THE COMPACT;

34 4. TO RECEIVE AND REVIEW IN AN EXPEDITIOUS MANNER ADVERTISEMENT
35 RELATING TO LONG-TERM CARE INSURANCE PRODUCTS FOR WHICH UNIFORM
36 STANDARDS HAVE BEEN ADOPTED BY THE COMMISSION, AND GIVE APPROVAL TO
37 ALL ADVERTISEMENT THAT SATISFIES THE APPLICABLE UNIFORM STANDARD. FOR
38 ANY PRODUCT COVERED UNDER THIS COMPACT, OTHER THAN LONG-TERM CARE
39 INSURANCE PRODUCTS, THE COMMISSION SHALL HAVE THE AUTHORITY TO
40 REQUIRE AN INSURER TO SUBMIT ALL OR ANY PART OF ITS ADVERTISEMENT WITH
41 RESPECT TO THAT PRODUCT FOR REVIEW OR APPROVAL PRIOR TO USE, IF THE
42 COMMISSION DETERMINES THAT THE NATURE OF THE PRODUCT IS SUCH THAT AN
43 ADVERTISEMENT OF THE PRODUCT COULD HAVE THE CAPACITY OR TENDENCY TO

1 MISLEAD THE PUBLIC. THE ACTIONS OF THE COMMISSION AS PROVIDED IN THIS
2 SECTION SHALL HAVE THE FORCE AND EFFECT OF LAW AND SHALL BE BINDING IN
3 THE COMPACTING STATES TO THE EXTENT AND IN THE MANNER PROVIDED IN THE
4 COMPACT;

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

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

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

15 8. TO ISSUE SUBPOENAS REQUIRING THE ATTENDANCE AND TESTIMONY OF
16 WITNESSES AND THE PRODUCTION OF EVIDENCE;

17 9. TO ESTABLISH AND MAINTAIN OFFICES;

18 10. TO PURCHASE AND MAINTAIN INSURANCE AND BONDS;

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

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

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

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

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

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

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

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

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

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

12 21. TO ESTABLISH A BUDGET AND MAKE EXPENDITURES;

13 22. TO BORROW MONEY;

14 23. TO APPOINT COMMITTEES, INCLUDING ADVISORY COMMITTEES
15 COMPRISED OF MEMBERS, STATE INSURANCE REGULATORS, STATE LEGISLATORS OR
16 THEIR REPRESENTATIVES, INSURANCE INDUSTRY AND CONSUMER
17 REPRESENTATIVES, AND SUCH OTHER INTERESTED PERSONS AS MAY BE
18 DESIGNATED IN THE BYLAWS;

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

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

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

25 ARTICLE V. ORGANIZATION OF THE COMMISSION.

26 1. MEMBERSHIP, VOTING, AND BYLAWS.

27 A. EACH COMPACTING STATE SHALL HAVE AND BE LIMITED TO ONE
28 MEMBER. EACH MEMBER SHALL BE QUALIFIED TO SERVE IN THAT CAPACITY
29 PURSUANT TO APPLICABLE LAW OF THE COMPACTING STATE. ANY MEMBER MAY BE
30 REMOVED OR SUSPENDED FROM OFFICE AS PROVIDED BY THE LAW OF THE STATE
31 FROM WHICH THE MEMBER IS APPOINTED. ANY VACANCY OCCURRING IN THE
32 COMMISSION SHALL BE FILLED IN ACCORDANCE WITH THE LAWS OF THE
33 COMPACTING STATE IN WHICH THE VACANCY EXISTS. NOTHING HEREIN SHALL BE
34 CONSTRUED TO AFFECT THE MANNER IN WHICH A COMPACTING STATE
35 DETERMINES THE ELECTION OR APPOINTMENT AND QUALIFICATION OF ITS OWN
36 COMMISSIONER.

1 B. EACH MEMBER SHALL BE ENTITLED TO ONE VOTE AND SHALL HAVE
2 AN OPPORTUNITY TO PARTICIPATE IN THE GOVERNANCE OF THE COMMISSION IN
3 ACCORDANCE WITH THE BYLAWS. NOTWITHSTANDING ANY PROVISION HEREIN TO
4 THE CONTRARY, NO ACTION OF THE COMMISSION WITH RESPECT TO THE
5 PROMULGATION OF A UNIFORM STANDARD SHALL BE EFFECTIVE UNLESS
6 TWO-THIRDS OF THE MEMBERS VOTE IN FAVOR THEREOF.

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

11 I. ESTABLISHING THE FISCAL YEAR OF THE COMMISSION;

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

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

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

30 V. ESTABLISHING THE TITLES, DUTIES, AND AUTHORITY AND
31 REASONABLE PROCEDURES FOR THE ELECTION OF THE OFFICERS OF THE
32 COMMISSION;

33 VI. PROVIDING REASONABLE STANDARDS AND PROCEDURES FOR
34 THE ESTABLISHMENT OF THE PERSONNEL POLICIES AND PROGRAMS OF THE
35 COMMISSION. NOTWITHSTANDING ANY CIVIL SERVICE OR OTHER SIMILAR LAWS OF
36 ANY COMPACTING STATE, THE BYLAWS SHALL EXCLUSIVELY GOVERN THE
37 PERSONNEL POLICIES AND PROGRAMS OF THE COMMISSION;

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

40 VIII. PROVIDING A MECHANISM FOR WINDING UP THE OPERATIONS
41 OF THE COMMISSION AND THE EQUITABLE DISPOSITION OF ANY SURPLUS FUNDS

1 THAT MAY EXIST AFTER THE TERMINATION OF THE COMPACT AFTER THE PAYMENT
2 AND/OR RESERVING OF ALL OF ITS DEBTS AND OBLIGATIONS.

3 D. THE COMMISSION SHALL PUBLISH ITS BYLAWS IN A CONVENIENT
4 FORM AND FILE A COPY OF THE BYLAWS, AND A COPY OF ANY AMENDMENT TO THE
5 BYLAWS, WITH THE APPROPRIATE AGENCY OR OFFICER IN EACH OF THE
6 COMPACTING STATES.

7 2. MANAGEMENT COMMITTEE, OFFICERS, AND PERSONNEL.

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

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

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

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

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

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

26 II. ESTABLISHING AND OVERSEEING AN ORGANIZATIONAL
27 STRUCTURE WITHIN, AND APPROPRIATE PROCEDURES FOR, THE COMMISSION TO
28 PROVIDE FOR THE CREATION OF UNIFORM STANDARDS AND OTHER RULES, RECEIPT
29 AND REVIEW OF PRODUCT FILINGS, ADMINISTRATIVE AND TECHNICAL SUPPORT
30 FUNCTIONS, REVIEW OF DECISIONS REGARDING THE DISAPPROVAL OF A PRODUCT
31 FILING, AND THE REVIEW OF ELECTIONS MADE BY A COMPACTING STATE TO OPT
32 OUT OF A UNIFORM STANDARD; PROVIDED THAT A UNIFORM STANDARD SHALL NOT
33 BE SUBMITTED TO THE COMPACTING STATES FOR ADOPTION UNLESS APPROVED BY
34 TWO-THIRDS OF THE MEMBERS OF THE MANAGEMENT COMMITTEE;

35 III. OVERSEEING THE OFFICES OF THE COMMISSION; AND

36 IV. PLANNING, IMPLEMENTING, AND COORDINATING
37 COMMUNICATIONS AND ACTIVITIES WITH OTHER STATE, FEDERAL, AND LOCAL
38 GOVERNMENT ORGANIZATIONS IN ORDER TO ADVANCE THE GOALS OF THE
39 COMMISSION.

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

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

11 3. LEGISLATIVE AND ADVISORY COMMITTEES.

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

21 B. THE COMMISSION SHALL ESTABLISH TWO ADVISORY COMMITTEES,
22 ONE OF WHICH SHALL BE COMPRISED OF CONSUMER REPRESENTATIVES
23 INDEPENDENT OF THE INSURANCE INDUSTRY AND THE OTHER COMPRISED OF
24 INSURANCE INDUSTRY REPRESENTATIVES.

25 C. THE COMMISSION MAY ESTABLISH ADDITIONAL ADVISORY
26 COMMITTEES AS ITS BYLAWS MAY PROVIDE FOR THE CARRYING OUT OF ITS
27 FUNCTIONS.

28 4. CORPORATE RECORDS OF THE COMMISSION.

29 THE COMMISSION SHALL MAINTAIN ITS CORPORATE BOOKS AND
30 RECORDS IN ACCORDANCE WITH THE BYLAWS.

31 5. QUALIFIED IMMUNITY, DEFENSE, AND INDEMNIFICATION.

32 A. THE MEMBERS, OFFICERS, EXECUTIVE DIRECTOR, EMPLOYEES, AND
33 REPRESENTATIVES OF THE COMMISSION SHALL BE IMMUNE FROM SUIT AND
34 LIABILITY, EITHER PERSONALLY OR IN THEIR OFFICIAL CAPACITY, FOR ANY CLAIM
35 FOR DAMAGE TO OR LOSS OF PROPERTY OR PERSONAL INJURY OR OTHER CIVIL
36 LIABILITY CAUSED BY OR ARISING OUT OF ANY ACTUAL OR ALLEGED ACT, ERROR, OR
37 OMISSION THAT OCCURRED, OR THAT THE PERSON AGAINST WHOM THE CLAIM IS
38 MADE HAD A REASONABLE BASIS FOR BELIEVING OCCURRED, WITHIN THE SCOPE OF
39 COMMISSION EMPLOYMENT, DUTIES, OR RESPONSIBILITIES; PROVIDED, THAT
40 NOTHING IN THIS PARAGRAPH SHALL BE CONSTRUED TO PROTECT ANY SUCH
41 PERSON FROM SUIT AND/OR LIABILITY FOR ANY DAMAGE, LOSS, INJURY, OR

1 THE COMMISSION EXERCISES ITS RULE MAKING AUTHORITY IN A MANNER THAT IS
2 BEYOND THE SCOPE OF THE PURPOSES OF THIS COMPACT, OR THE POWERS
3 GRANTED UNDER THIS COMPACT, THEN SUCH AN ACTION BY THE COMMISSION
4 SHALL BE INVALID AND HAVE NO FORCE AND EFFECT.

5 2. RULE MAKING PROCEDURE. RULES AND OPERATING PROCEDURES SHALL
6 BE MADE PURSUANT TO A RULE MAKING PROCESS THAT CONFORMS TO THE MODEL
7 STATE ADMINISTRATIVE PROCEDURE ACT OF 1981, AS AMENDED, AS MAY BE
8 APPROPRIATE TO THE OPERATIONS OF THE COMMISSION. BEFORE THE COMMISSION
9 ADOPTS A UNIFORM STANDARD, THE COMMISSION SHALL GIVE WRITTEN NOTICE TO
10 THE RELEVANT STATE LEGISLATIVE COMMITTEES IN EACH COMPACTING STATE
11 RESPONSIBLE FOR INSURANCE ISSUES OF ITS INTENTION TO ADOPT THE UNIFORM
12 STANDARD. THE COMMISSION, IN ADOPTING A UNIFORM STANDARD, SHALL
13 CONSIDER FULLY ALL SUBMITTED MATERIALS AND ISSUE A CONCISE EXPLANATION
14 OF ITS DECISION.

15 3. EFFECTIVE DATE AND OPT OUT OF A UNIFORM STANDARD. A UNIFORM
16 STANDARD SHALL BECOME EFFECTIVE 90 DAYS AFTER ITS PROMULGATION BY THE
17 COMMISSION OR SUCH LATER DATE AS THE COMMISSION MAY DETERMINE;
18 PROVIDED, HOWEVER, THAT A COMPACTING STATE MAY OPT OUT OF A UNIFORM
19 STANDARD AS PROVIDED IN THIS ARTICLE. "OPT OUT" SHALL BE DEFINED AS ANY
20 ACTION BY A COMPACTING STATE TO DECLINE TO ADOPT OR PARTICIPATE IN A
21 PROMULGATED UNIFORM STANDARD. ALL OTHER RULES AND OPERATING
22 PROCEDURES, AND AMENDMENTS THERETO, SHALL BECOME EFFECTIVE AS OF THE
23 DATE SPECIFIED IN EACH RULE, OPERATING PROCEDURE, OR AMENDMENT.

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

1 NOTWITHSTANDING THE FOREGOING, A COMPACTING STATE MAY, AT THE
2 TIME OF ITS ENACTMENT OF THIS COMPACT, PROSPECTIVELY OPT OUT OF ALL
3 UNIFORM STANDARDS INVOLVING LONG-TERM CARE INSURANCE PRODUCTS BY
4 EXPRESSLY PROVIDING FOR SUCH OPT OUT IN THE ENACTED COMPACT, AND SUCH
5 AN OPT OUT SHALL NOT BE TREATED AS A MATERIAL VARIANCE IN THE OFFER OR
6 ACCEPTANCE OF ANY STATE TO PARTICIPATE IN THIS COMPACT. SUCH AN OPT OUT
7 SHALL BE EFFECTIVE AT THE TIME OF ENACTMENT OF THIS COMPACT BY THE
8 COMPACTING STATE AND SHALL APPLY TO ALL EXISTING UNIFORM STANDARDS
9 INVOLVING LONG-TERM CARE INSURANCE PRODUCTS AND THOSE SUBSEQUENTLY
10 PROMULGATED.

11 5. EFFECT OF OPT OUT. IF A COMPACTING STATE ELECTS TO OPT OUT OF A
12 UNIFORM STANDARD, THE UNIFORM STANDARD SHALL REMAIN APPLICABLE IN THE
13 COMPACTING STATE ELECTING TO OPT OUT UNTIL SUCH TIME AS THE OPT OUT
14 LEGISLATION IS ENACTED INTO LAW OR THE REGULATION OPTING OUT BECOMES
15 EFFECTIVE.

16 ONCE THE OPT OUT OF A UNIFORM STANDARD BY A COMPACTING STATE
17 BECOMES EFFECTIVE AS PROVIDED UNDER THE LAWS OF THAT STATE, THE
18 UNIFORM STANDARD SHALL HAVE NO FURTHER FORCE AND EFFECT IN THAT STATE
19 UNLESS AND UNTIL THE LEGISLATION OR REGULATION IMPLEMENTING THE OPT
20 OUT IS REPEALED OR OTHERWISE BECOMES INEFFECTIVE UNDER THE LAWS OF THE
21 STATE. IF A COMPACTING STATE OPTS OUT OF A UNIFORM STANDARD AFTER THE
22 UNIFORM STANDARD HAS BEEN MADE EFFECTIVE IN THAT STATE, THE OPT OUT
23 SHALL HAVE THE SAME PROSPECTIVE EFFECT AS PROVIDED UNDER ARTICLE XIV
24 FOR WITHDRAWALS.

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

42 7. NOT LATER THAN 30 DAYS AFTER A RULE OR OPERATING PROCEDURE IS
43 PROMULGATED, ANY PERSON MAY FILE A PETITION FOR JUDICIAL REVIEW OF THE
44 RULE OR OPERATING PROCEDURE; PROVIDED, THAT THE FILING OF SUCH A
45 PETITION SHALL NOT STAY OR OTHERWISE PREVENT THE RULE OR OPERATING

1 PROCEDURE FROM BECOMING EFFECTIVE UNLESS THE COURT FINDS THAT THE
2 PETITIONER HAS A SUBSTANTIAL LIKELIHOOD OF SUCCESS. THE COURT SHALL GIVE
3 DEFERENCE TO THE ACTIONS OF THE COMMISSION CONSISTENT WITH APPLICABLE
4 LAW AND SHALL NOT FIND THE RULE OR OPERATING PROCEDURE TO BE UNLAWFUL
5 IF THE RULE OR OPERATING PROCEDURE REPRESENTS A REASONABLE EXERCISE OF
6 THE COMMISSION'S AUTHORITY.

7 ARTICLE VIII. COMMISSION RECORDS AND ENFORCEMENT.

8 1. THE COMMISSION SHALL PROMULGATE RULES ESTABLISHING
9 CONDITIONS AND PROCEDURES FOR PUBLIC INSPECTION AND COPYING OF ITS
10 INFORMATION AND OFFICIAL RECORDS, EXCEPT SUCH INFORMATION AND RECORDS
11 INVOLVING THE PRIVACY OF INDIVIDUALS AND INSURERS' TRADE SECRETS. THE
12 COMMISSION MAY PROMULGATE ADDITIONAL RULES UNDER WHICH IT MAY MAKE
13 AVAILABLE TO FEDERAL AND STATE AGENCIES, INCLUDING LAW-ENFORCEMENT
14 AGENCIES, RECORDS AND INFORMATION OTHERWISE EXEMPT FROM DISCLOSURE,
15 AND MAY ENTER INTO AGREEMENTS WITH SUCH AGENCIES TO RECEIVE OR
16 EXCHANGE INFORMATION OR RECORDS SUBJECT TO NONDISCLOSURE AND
17 CONFIDENTIALITY PROVISIONS.

18 2. EXCEPT AS TO PRIVILEGED RECORDS, DATA, AND INFORMATION, THE
19 LAWS OF ANY COMPACTING STATE PERTAINING TO CONFIDENTIALITY OR
20 NONDISCLOSURE SHALL NOT RELIEVE ANY COMPACTING STATE COMMISSIONER OF
21 THE DUTY TO DISCLOSE ANY RELEVANT RECORDS, DATA, OR INFORMATION TO THE
22 COMMISSION; PROVIDED, THAT DISCLOSURE TO THE COMMISSION SHALL NOT BE
23 DEEMED TO WAIVE OR OTHERWISE AFFECT ANY CONFIDENTIALITY REQUIREMENT;
24 AND FURTHER PROVIDED, THAT, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN
25 THIS COMPACT, THE COMMISSION SHALL NOT BE SUBJECT TO THE COMPACTING
26 STATE'S LAWS PERTAINING TO CONFIDENTIALITY AND NONDISCLOSURE WITH
27 RESPECT TO RECORDS, DATA, AND INFORMATION IN ITS POSSESSION.
28 CONFIDENTIAL INFORMATION OF THE COMMISSION SHALL REMAIN CONFIDENTIAL
29 AFTER SUCH INFORMATION IS PROVIDED TO ANY COMMISSIONER.

30 3. THE COMMISSION SHALL MONITOR COMPACTING STATES FOR
31 COMPLIANCE WITH DULY ADOPTED BYLAWS, RULES, INCLUDING UNIFORM
32 STANDARDS, AND OPERATING PROCEDURES. THE COMMISSION SHALL NOTIFY ANY
33 NONCOMPLYING COMPACTING STATE IN WRITING OF ITS NONCOMPLIANCE WITH
34 COMMISSION BYLAWS, RULES, OR OPERATING PROCEDURES. IF A NONCOMPLYING
35 COMPACTING STATE FAILS TO REMEDY ITS NONCOMPLIANCE WITHIN THE TIME
36 SPECIFIED IN THE NOTICE OF NONCOMPLIANCE, THE COMPACTING STATE SHALL BE
37 DEEMED TO BE IN DEFAULT AS SET FORTH IN ARTICLE XIV.

38 4. THE COMMISSIONER OF ANY STATE IN WHICH AN INSURER IS
39 AUTHORIZED TO DO BUSINESS, OR IS CONDUCTING THE BUSINESS OF INSURANCE,
40 SHALL CONTINUE TO EXERCISE THE COMMISSIONER'S AUTHORITY TO OVERSEE THE
41 MARKET REGULATION OF THE ACTIVITIES OF THE INSURER IN ACCORDANCE WITH
42 THE PROVISIONS OF THE STATE'S LAW. THE COMMISSIONER'S ENFORCEMENT OF
43 COMPLIANCE WITH THE COMPACT IS GOVERNED BY THE FOLLOWING PROVISIONS:

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

4 ARTICLE XI. REVIEW OF COMMISSION DECISIONS REGARDING FILINGS.

5 1. NOT LATER THAN 30 DAYS AFTER THE COMMISSION HAS GIVEN NOTICE
6 OF A DISAPPROVED PRODUCT OR ADVERTISEMENT FILED WITH THE COMMISSION,
7 THE INSURER OR THIRD-PARTY FILER WHOSE FILING WAS DISAPPROVED MAY
8 APPEAL THE DETERMINATION TO A REVIEW PANEL APPOINTED BY THE
9 COMMISSION. THE COMMISSION SHALL PROMULGATE RULES TO ESTABLISH
10 PROCEDURES FOR APPOINTING SUCH REVIEW PANELS AND PROVIDE FOR NOTICE
11 AND A HEARING. AN ALLEGATION THAT THE COMMISSION, IN DISAPPROVING A
12 PRODUCT OR ADVERTISEMENT FILED WITH THE COMMISSION, ACTED ARBITRARILY,
13 CAPRICIOUSLY, OR IN A MANNER THAT IS AN ABUSE OF DISCRETION OR OTHERWISE
14 NOT IN ACCORDANCE WITH THE LAW, IS SUBJECT TO JUDICIAL REVIEW IN
15 ACCORDANCE WITH ARTICLE III, SECTION 4.

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

22 ARTICLE XII. FINANCE.

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

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

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

38 4. THE COMMISSION SHALL BE EXEMPT FROM ALL TAXATION IN AND BY THE
39 COMPACTING STATES.

1 5. THE COMMISSION SHALL NOT PLEDGE THE CREDIT OF ANY COMPACTING
2 STATE, EXCEPT BY AND WITH THE APPROPRIATE LEGAL AUTHORITY OF THAT
3 COMPACTING STATE.

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

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

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

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

28 2. THE COMPACT SHALL BECOME EFFECTIVE AND BINDING ON LEGISLATIVE
29 ENACTMENT OF THE COMPACT INTO LAW BY TWO COMPACTING STATES; PROVIDED,
30 THAT THE COMMISSION SHALL BECOME EFFECTIVE FOR PURPOSES OF ADOPTING
31 UNIFORM STANDARDS FOR, REVIEWING, AND GIVING APPROVAL OR DISAPPROVAL
32 OF, PRODUCTS FILED WITH THE COMMISSION THAT SATISFY APPLICABLE UNIFORM
33 STANDARDS ONLY AFTER 26 STATES ARE COMPACTING STATES; OR, ALTERNATIVELY,
34 BY STATES REPRESENTING GREATER THAN 40 PERCENT OF THE PREMIUM VOLUME
35 FOR LIFE INSURANCE, ANNUITY, DISABILITY INCOME, AND LONG-TERM CARE
36 INSURANCE PRODUCTS, BASED ON RECORDS OF THE NAIC FOR THE PRIOR YEAR.
37 THEREAFTER, IT SHALL BECOME EFFECTIVE AND BINDING AS TO ANY OTHER
38 COMPACTING STATE ON ENACTMENT OF THE COMPACT INTO LAW BY THAT STATE.

39 3. AMENDMENTS TO THE COMPACT MAY BE PROPOSED BY THE COMMISSION
40 FOR ENACTMENT BY THE COMPACTING STATES. NO AMENDMENT SHALL BECOME
41 EFFECTIVE AND BINDING ON THE COMMISSION AND THE COMPACTING STATES
42 UNLESS AND UNTIL ALL COMPACTING STATES ENACT THE AMENDMENT INTO LAW.

ARTICLE XIV. WITHDRAWAL, DEFAULT, AND TERMINATION.

1. WITHDRAWAL.

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

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

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

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

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

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

2. DEFAULT.

A. IF THE COMMISSION DETERMINES THAT ANY COMPACTING STATE HAS AT ANY TIME DEFAULTED (DEFAULTING STATE) IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS OR RESPONSIBILITIES UNDER THE COMPACT, THE BYLAWS, OR DULY PROMULGATED RULES OR OPERATING PROCEDURES, THEN, AFTER NOTICE AND A HEARING AS SET FORTH IN THE BYLAWS, ALL RIGHTS, PRIVILEGES, AND

1 BENEFITS CONFERRED BY THIS COMPACT ON THE DEFAULTING STATE SHALL BE
2 SUSPENDED FROM THE EFFECTIVE DATE OF DEFAULT AS FIXED BY THE
3 COMMISSION. THE GROUNDS FOR DEFAULT INCLUDE THE FAILURE OF A
4 COMPACTING STATE TO PERFORM ITS OBLIGATIONS OR RESPONSIBILITIES AND ANY
5 OTHER GROUNDS DESIGNATED IN COMMISSION RULES. THE COMMISSION
6 IMMEDIATELY SHALL NOTIFY THE DEFAULTING STATE IN WRITING OF THE
7 DEFAULTING STATE'S SUSPENSION PENDING A CURE OF THE DEFAULT. THE
8 COMMISSION SHALL STIPULATE THE CONDITIONS AND THE TIME PERIOD WITHIN
9 WHICH THE DEFAULTING STATE MUST CURE ITS DEFAULT. IF THE DEFAULTING
10 STATE FAILS TO CURE THE DEFAULT WITHIN THE TIME PERIOD SPECIFIED BY THE
11 COMMISSION, THE DEFAULTING STATE SHALL BE TERMINATED FROM THE COMPACT
12 AND ALL RIGHTS, PRIVILEGES, AND BENEFITS CONFERRED BY THIS COMPACT SHALL
13 BE TERMINATED FROM THE EFFECTIVE DATE OF TERMINATION.

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

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

22 3. DISSOLUTION OF COMPACT.

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

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

30 ARTICLE XV. SEVERABILITY AND CONSTRUCTION.

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

34 2. THE PROVISIONS OF THIS COMPACT SHALL BE LIBERALLY CONSTRUED TO
35 EFFECTUATE ITS PURPOSES.

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

37 1. OTHER LAWS.

1 A. NOTHING HEREIN PREVENTS THE ENFORCEMENT OF ANY OTHER
2 LAW OF A COMPACTING STATE, EXCEPT AS PROVIDED IN PARAGRAPH B OF THIS
3 SECTION.

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

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

22 2. BINDING EFFECT OF COMPACT.

23 A. ALL LAWFUL ACTIONS OF THE COMMISSION, INCLUDING ALL RULES
24 AND OPERATING PROCEDURES PROMULGATED BY THE COMMISSION, ARE BINDING
25 ON THE COMPACTING STATES.

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

28 C. ON THE REQUEST OF A PARTY TO A CONFLICT OVER THE MEANING
29 OR INTERPRETATION OR COMMISSION ACTIONS, AND ON A MAJORITY VOTE OF THE
30 COMPACTING STATES, THE COMMISSION MAY ISSUE ADVISORY OPINIONS
31 REGARDING THE MEANING OR INTERPRETATION IN DISPUTE.

32 D. IN THE EVENT ANY PROVISION OF THIS COMPACT EXCEEDS THE
33 CONSTITUTIONAL LIMITS IMPOSED ON THE LEGISLATURE OF ANY COMPACTING
34 STATE, THE OBLIGATIONS, DUTIES, POWERS, OR JURISDICTION SOUGHT TO BE
35 CONFERRED BY THAT PROVISION ON THE COMMISSION SHALL BE INEFFECTIVE AS
36 TO THAT COMPACTING STATE, AND THOSE OBLIGATIONS, DUTIES, POWERS, OR
37 JURISDICTION SHALL REMAIN IN THE COMPACTING STATE AND SHALL BE
38 EXERCISED BY THE AGENCY THEREOF TO WHICH THOSE OBLIGATIONS, DUTIES,
39 POWERS, OR JURISDICTION ARE DELEGATED BY LAW IN EFFECT AT THE TIME THIS
40 COMPACT BECOMES EFFECTIVE.

1 29-102.

2 THE INSURANCE COMMISSIONER OF THE MARYLAND INSURANCE
3 ADMINISTRATION IS HEREBY APPOINTED AS THE STATE OF MARYLAND'S
4 REPRESENTATIVE TO THE INTERSTATE INSURANCE PRODUCT REGULATION
5 COMMISSION.

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