



General Assembly

January Session, 2005

**Amendment**

LCO No. 6743

\*SB0043506743SD0\*

Offered by:  
SEN. CRISCO, 17<sup>th</sup> Dist.

To: Subst. Senate Bill No. 435      File No. 227      Cal. No. 218

**"AN ACT CONCERNING SERVICES PROVIDED BY INSURANCE  
PRODUCERS AND HEALTH INSURERS."**

1      Strike everything after the enacting clause and substitute the  
2      following in lieu thereof:

3      "Section 1. (NEW) (*Effective October 1, 2005*):

4      Article I. Purposes

5      The purposes of this Compact are, through means of joint and  
6      cooperative action among the Compacting States:

7      1. To promote and protect the interest of consumers of individual  
8      and group annuity, life insurance, disability income and long-term  
9      care insurance products;

10      2. To develop uniform standards for insurance products covered  
11      under the Compact;

12      3. To establish a central clearinghouse to receive and provide

13 prompt review of insurance products covered under the Compact and,  
14 in certain cases, advertisements related thereto, submitted by insurers  
15 authorized to do business in one or more Compacting States;

16 4. To give appropriate regulatory approval to those product filings  
17 and advertisements satisfying the applicable uniform standard;

18 5. To improve coordination of regulatory resources and expertise  
19 between state insurance departments regarding the setting of uniform  
20 standards and review of insurance products covered under the  
21 Compact;

22 6. To create the Interstate Insurance Product Regulation  
23 Commission; and

24 7. To perform these and such other related functions as may be  
25 consistent with the state regulation of the business of insurance.

## 26 Article II. Definitions

27 For purposes of this Compact:

28 1. "Advertisement" means any material designed to create public  
29 interest in a Product, or induce the public to purchase, increase,  
30 modify, reinstate, borrow on, surrender, replace or retain a policy, as  
31 more specifically defined in the Rules and Operating Procedures of the  
32 Commission.

33 2. "Bylaws" mean those bylaws established by the Commission for  
34 its governance, or for directing or controlling the Commission's actions  
35 or conduct.

36 3. "Compacting State" means any State which has enacted this  
37 Compact legislation and which has not withdrawn pursuant to Article  
38 XIV, Section 1, or been terminated pursuant to Article XIV, Section 2.

39 4. "Commission" means the "Interstate Insurance Product  
40 Regulation Commission" established by this Compact.

41 5. "Commissioner" means the chief insurance regulatory official of a  
42 State including, but not limited to commissioner, superintendent,  
43 director or administrator.

44 6. "Domiciliary State" means the state in which an Insurer is  
45 incorporated or organized; or, in the case of an alien Insurer, its state of  
46 entry.

47 7. "Insurer" means any entity licensed by a State to issue contracts of  
48 insurance for any of the lines of insurance covered by this act.

49 8. "Member" means the person chosen by a Compacting State as its  
50 representative to the Commission, or the member's designee.

51 9. "Non-Compacting State" means any State which is not at the time  
52 a Compacting State.

53 10. "Operating Procedures" mean procedures promulgated by the  
54 Commission implementing a Rule, Uniform Standard or a provision of  
55 this Compact.

56 11. "Product" means the form of a policy or contract, including any  
57 application, endorsement, or related form which is attached to and  
58 made a part of the policy or contract, and any evidence of coverage or  
59 certificate, for an individual or group annuity, life insurance, disability  
60 income or long-term care insurance product that an Insurer is  
61 authorized to issue.

62 12. "Rule" means a statement of general or particular applicability  
63 and future effect promulgated by the Commission, including a  
64 Uniform Standard developed pursuant to Article VII of this Compact,  
65 designed to implement, interpret, or prescribe law or policy or  
66 describing the organization, procedure, or practice requirements of the  
67 Commission, which shall have the force and effect of law in the  
68 Compacting States.

69 13. "State" means any state, district or territory of the United States  
70 of America.

71 14. "Third-Party Filer" means an entity that submits a Product filing  
72 to the Commission on behalf of an Insurer.

73 15. "Uniform Standard" means a standard adopted by the  
74 Commission for a Product line, pursuant to Article VII of this  
75 Compact, and shall include all of the Product requirements in  
76 aggregate; provided, that each Uniform Standard shall be construed,  
77 whether express or implied, to prohibit the use of any inconsistent,  
78 misleading or ambiguous provisions in a Product and the form of the  
79 Product made available to the public shall not be unfair, inequitable or  
80 against public policy as determined by the Commission.

81 Article III. Establishment of the Commission and Venue

82 1. The Compacting States hereby create and establish a joint public  
83 agency known as the "Interstate Insurance Product Regulation  
84 Commission." Pursuant to Article IV, the Commission will have the  
85 power to develop Uniform Standards for Product lines, receive and  
86 provide prompt review of Products filed therewith, and give approval  
87 to those Product filings satisfying applicable Uniform Standards;  
88 provided, it is not intended for the Commission to be the exclusive  
89 entity for receipt and review of insurance product filings. Nothing  
90 herein shall prohibit any Insurer from filing its product in any State  
91 wherein the Insurer is licensed to conduct the business of insurance;  
92 and any such filing shall be subject to the laws of the State where filed.

93 2. The Commission is a body corporate and politic, and an  
94 instrumentality of the Compacting States.

95 3. The Commission is solely responsible for its liabilities except as  
96 otherwise specifically provided in this Compact.

97 4. Venue is proper and judicial proceedings by or against the  
98 Commission shall be brought solely and exclusively in a Court of  
99 competent jurisdiction where the principal office of the Commission is  
100 located.

101 Article IV. Powers of the Commission

102 The Commission shall have the following powers:

103 1. To promulgate Rules, pursuant to Article VII of this Compact,  
104 which shall have the force and effect of law and shall be binding in the  
105 Compacting States to the extent and in the manner provided in this  
106 Compact;

107 2. To exercise its rule-making authority and establish reasonable  
108 Uniform Standards for Products covered under the Compact, and  
109 Advertisement related thereto, which shall have the force and effect of  
110 law and shall be binding in the Compacting States, but only for those  
111 Products filed with the Commission, provided, that a Compacting  
112 State shall have the right to opt out of such Uniform Standard  
113 pursuant to Article VII, to the extent and in the manner provided in  
114 this Compact, and, provided further, that any Uniform Standard  
115 established by the Commission for long-term care insurance products  
116 may provide the same or greater protections for consumers as, but  
117 shall not provide less than, those protections set forth in the National  
118 Association of Insurance Commissioners' Long-Term Care Insurance  
119 Model Act and Long-Term Care Insurance Model Regulation,  
120 respectively, adopted as of 2001. The Commission shall consider  
121 whether any subsequent amendments to the National Association of  
122 Insurance Commissioners Long-Term Care Insurance Model Act or  
123 Long-Term Care Insurance Model Regulation adopted by the National  
124 Association of Insurance Commissioners require amending of the  
125 Uniform Standards established by the Commission for long-term care  
126 insurance products;

127 3. To receive and review in an expeditious manner Products filed  
128 with the Commission, and rate filings for disability income and long-  
129 term care insurance Products, and give approval of those Products and  
130 rate filings that satisfy the applicable Uniform Standard, where such  
131 approval shall have the force and effect of law and be binding on the  
132 Compacting States to the extent and in the manner provided in the

133 Compact;

134 4. To receive and review in an expeditious manner Advertisement  
135 relating to long-term care insurance products for which Uniform  
136 Standards have been adopted by the Commission, and give approval  
137 to all Advertisement that satisfies the applicable Uniform Standard.  
138 For any product covered under this Compact, other than long-term  
139 care insurance products, the Commission shall have the authority to  
140 require an insurer to submit all or any part of its Advertisement with  
141 respect to that product for review or approval prior to use, if the  
142 Commission determines that the nature of the product is such that an  
143 Advertisement of the product could have the capacity or tendency to  
144 mislead the public. The actions of Commission as provided in this  
145 section shall have the force and effect of law and shall be binding in  
146 the Compacting States to the extent and in the manner provided in the  
147 Compact;

148 5. To exercise its rule-making authority and designate Products and  
149 Advertisement that may be subject to a self-certification process  
150 without the need for prior approval by the Commission;

151 6. To promulgate Operating Procedures, pursuant to Article VII of  
152 this Compact, which shall be binding in the Compacting States to the  
153 extent and in the manner provided in this Compact;

154 7. To bring and prosecute legal proceedings or actions in its name as  
155 the Commission; provided, that the standing of any state insurance  
156 department to sue or be sued under applicable law shall not be  
157 affected;

158 8. To issue subpoenas requiring the attendance and testimony of  
159 witnesses and the production of evidence;

160 9. To establish and maintain offices;

161 10. To purchase and maintain insurance and bonds;

162 11. To borrow, accept or contract for services of personnel,

163 including, but not limited to, employees of a Compacting State;

164 12. To hire employees, professionals or specialists, and elect or  
165 appoint officers, and to fix their compensation, define their duties and  
166 give them appropriate authority to carry out the purposes of the  
167 Compact, and determine their qualifications; and to establish the  
168 Commission's personnel policies and programs relating to, among  
169 other things, conflicts of interest, rates of compensation and  
170 qualifications of personnel;

171 13. To accept any and all appropriate donations and grants of  
172 money, equipment, supplies, materials and services, and to receive,  
173 utilize and dispose of the same; provided that at all times the  
174 Commission shall strive to avoid any appearance of impropriety;

175 14. To lease, purchase, accept appropriate gifts or donations of, or  
176 otherwise to own, hold, improve or use, any property, real, personal or  
177 mixed; provided that at all times the Commission shall strive to avoid  
178 any appearance of impropriety;

179 15. To sell, convey, mortgage, pledge, lease, exchange, abandon or  
180 otherwise dispose of any property, real, personal or mixed;

181 16. To remit filing fees to Compacting States as may be set forth in  
182 the Bylaws, Rules or Operating Procedures;

183 17. To enforce compliance by Compacting States with Rules,  
184 Uniform Standards, Operating Procedures and Bylaws;

185 18. To provide for dispute resolution among Compacting States;

186 19. To advise Compacting States on issues relating to Insurers  
187 domiciled or doing business in Non-compacting jurisdictions,  
188 consistent with the purposes of this Compact;

189 20. To provide advice and training to those personnel in state  
190 insurance departments responsible for product review, and to be a  
191 resource for state insurance departments;

192 21. To establish a budget and make expenditures;

193 22. To borrow money;

194 23. To appoint committees, including advisory committees  
195 comprising Members, state insurance regulators, state legislators or  
196 their representatives, insurance industry and consumer  
197 representatives, and such other interested persons as may be  
198 designated in the Bylaws;

199 24. To provide and receive information from, and to cooperate with  
200 law enforcement agencies;

201 25. To adopt and use a corporate seal; and

202 26. To perform such other functions as may be necessary or  
203 appropriate to achieve the purposes of this Compact consistent with  
204 the state regulation of the business of insurance.

205 Article V. Organization of the Commission

206 1. Membership, Voting and Bylaws

207 a. Each Compacting State shall have and be limited to one Member.  
208 Each Member shall be qualified to serve in that capacity pursuant to  
209 applicable law of the Compacting State. Any Member may be removed  
210 or suspended from office as provided by the law of the State from  
211 which the member is appointed. Any vacancy occurring in the  
212 Commission shall be filled in accordance with the laws of the  
213 Compacting State wherein the vacancy exists. Nothing herein shall be  
214 construed to affect the manner in which a Compacting State  
215 determines the election or appointment and qualification of its own  
216 Commissioner.

217 b. Each Member shall be entitled to one vote and shall have an  
218 opportunity to participate in the governance of the Commission in  
219 accordance with the Bylaws. Notwithstanding any provision herein to  
220 the contrary, no action of the Commission with respect to the



221 promulgation of a Uniform Standard shall be effective unless two-  
222 thirds of the Members vote in favor thereof.

223 c. The Commission shall, by a majority of the Members, prescribe  
224 Bylaws to govern its conduct as may be necessary or appropriate to  
225 carry out the purposes, and exercise the powers, of the Compact,  
226 including, but not limited to:

227 i. Establishing the fiscal year of the Commission;

228 ii. Providing reasonable procedures for appointing and electing  
229 members, as well as holding meetings, of the Management Committee;

230 iii. Providing reasonable standards and procedures: (I) for the  
231 establishment and meetings of other committees, and (II) governing  
232 any general or specific delegation of any authority or function of the  
233 Commission;

234 iv. Providing reasonable procedures for calling and conducting  
235 meetings of the Commission that consists of a majority of Commission  
236 members, ensuring reasonable advance notice of each such meeting  
237 and providing for the right of citizens to attend each such meeting  
238 with enumerated exceptions designed to protect the public's interest,  
239 the privacy of individuals, and insurers' proprietary information,  
240 including trade secrets. The Commission may meet in camera only  
241 after a majority of the entire membership votes to close a meeting in  
242 whole or in part. As soon as practicable, the Commission must make  
243 public (I) a copy of the vote to close the meeting revealing the vote of  
244 each Member with no proxy votes allowed, and (II) votes taken during  
245 such meeting;

246 v. Establishing the titles, duties and authority and reasonable  
247 procedures for the election of the officers of the Commission;

248 vi. Providing reasonable standards and procedures for the  
249 establishment of the personnel policies and programs of the  
250 Commission. Notwithstanding any civil service or other similar laws

251 of any Compacting State, the Bylaws shall exclusively govern the  
252 personnel policies and programs of the Commission;

253 vii. Promulgating a code of ethics to address permissible and  
254 prohibited activities of commission members and employees; and

255 viii. Providing a mechanism for winding up the operations of the  
256 Commission and the equitable disposition of any surplus funds that  
257 may exist after the termination of the Compact after the payment or  
258 reserving of all of its debts and obligations.

259 d. The Commission shall publish its bylaws in a convenient form  
260 and file a copy thereof and a copy of any amendment thereto, with the  
261 appropriate agency or officer in each of the Compacting States.

## 262 2. Management Committee, Officers and Personnel

263 a. A Management Committee comprising no more than fourteen  
264 members shall be established as follows:

265 i. One member from each of the six Compacting States with the  
266 largest premium volume for individual and group annuities, life,  
267 disability income and long-term care insurance products, determined  
268 from the records of the National Association of Insurance  
269 Commissioners for the prior year;

270 ii. Four members from those Compacting States with at least two  
271 per cent of the market based on the premium volume described above,  
272 other than the six Compacting States with the largest premium  
273 volume, selected on a rotating basis as provided in the Bylaws; and

274 iii. Four members from those Compacting States with less than two  
275 per cent of the market, based on the premium volume described above,  
276 with one selected from each of the four zone regions of the National  
277 Association of Insurance Commissioners as provided in the Bylaws.

278 b. The Management Committee shall have such authority and  
279 duties as may be set forth in the Bylaws, including, but not limited to:

280 i. Managing the affairs of the Commission in a manner consistent  
281 with the Bylaws and purposes of the Commission;

282 ii. Establishing and overseeing an organizational structure within,  
283 and appropriate procedures for, the Commission to provide for the  
284 creation of Uniform Standards and other Rules, receipt and review of  
285 product filings, administrative and technical support functions, review  
286 of decisions regarding the disapproval of a product filing, and the  
287 review of elections made by a Compacting State to opt out of a  
288 Uniform Standard; provided that a Uniform Standard shall not be  
289 submitted to the Compacting States for adoption unless approved by  
290 two-thirds of the members of the Management Committee;

291 iii. Overseeing the offices of the Commission; and

292 iv. Planning, implementing, and coordinating communications and  
293 activities with other state, federal and local government organizations  
294 in order to advance the goals of the Commission.

295 c. The Commission shall elect annually officers from the  
296 Management Committee, with each having such authority and duties,  
297 as may be specified in the Bylaws.

298 d. The Management Committee may, subject to the approval of the  
299 Commission, appoint or retain an executive director for such period,  
300 upon such terms and conditions and for such compensation as the  
301 Commission may deem appropriate. The executive director shall serve  
302 as secretary to the Commission, but shall not be a Member of the  
303 Commission. The executive director shall hire and supervise such  
304 other staff as may be authorized by the Commission.

### 305 3. Legislative and Advisory Committees

306 a. A legislative committee comprising state legislators or their  
307 designees shall be established to monitor the operations of, and make  
308 recommendations to, the Commission, including the Management  
309 Committee; provided that the manner of selection and term of any

310 legislative committee member shall be as set forth in the Bylaws. Prior  
311 to the adoption by the Commission of any Uniform Standard, revision  
312 to the Bylaws, annual budget or other significant matter as may be  
313 provided in the Bylaws, the Management Committee shall consult  
314 with and report to the legislative committee.

315 b. The Commission shall establish two advisory committees, one of  
316 which shall comprise consumer representatives independent of the  
317 insurance industry, and the other comprising insurance industry  
318 representatives.

319 c. The Commission may establish additional advisory committees as  
320 its Bylaws may provide for the carrying out of its functions.

#### 321 4. Corporate Records of the Commission

322 The Commission shall maintain its corporate books and records in  
323 accordance with the Bylaws.

#### 324 5. Qualified Immunity, Defense and Indemnification

325 a. The Members, officers, executive director, employees and  
326 representatives of the Commission shall be immune from suit and  
327 liability, either personally or in their official capacity, for any claim for  
328 damage to or loss of property or personal injury or other civil liability  
329 caused by or arising out of any actual or alleged act, error or omission  
330 that occurred, or that the person against whom the claim is made had a  
331 reasonable basis for believing occurred within the scope of  
332 Commission employment, duties or responsibilities; provided, that  
333 nothing in this paragraph shall be construed to protect any such  
334 person from suit or liability for any damage, loss, injury or liability  
335 caused by the intentional or wilful and wanton misconduct of that  
336 person.

337 b. The Commission shall defend any Member, officer, executive  
338 director, employee or representative of the Commission in any civil  
339 action seeking to impose liability arising out of any actual or alleged

340 act, error or omission that occurred within the scope of Commission  
341 employment, duties or responsibilities, or that the person against  
342 whom the claim is made had a reasonable basis for believing occurred  
343 within the scope of Commission employment, duties or  
344 responsibilities; provided, that nothing herein shall be construed to  
345 prohibit that person from retaining counsel; and provided further, that  
346 the actual or alleged act, error or omission did not result from that  
347 person's intentional or wilful and wanton misconduct.

348 c. The Commission shall indemnify and hold harmless any Member,  
349 officer, executive director, employee or representative of the  
350 Commission for the amount of any settlement or judgment obtained  
351 against that person arising out of any actual or alleged act, error or  
352 omission that occurred within the scope of Commission employment,  
353 duties or responsibilities, or that such person had a reasonable basis  
354 for believing occurred within the scope of Commission employment,  
355 duties or responsibilities, provided, that the actual or alleged act, error  
356 or omission did not result from the intentional or wilful and wanton  
357 misconduct of that person.

#### 358 Article VI. Meetings and Acts of the Commission

359 1. The Commission shall meet and take such actions as are  
360 consistent with the provisions of this Compact and the Bylaws.

361 2. Each Member of the Commission shall have the right and power  
362 to cast a vote to which that Compacting State is entitled and to  
363 participate in the business and affairs of the Commission. A Member  
364 shall vote in person or by such other means as provided in the Bylaws.  
365 The Bylaws may provide for Members' participation in meetings by  
366 telephone or other means of communication.

367 3. The Commission shall meet at least once during each calendar  
368 year. Additional meetings shall be held as set forth in the Bylaws.

#### 369 Article VII. Rules and Operating Procedures: Rulemaking Functions 370 of the Commission and Opting Out of Uniform Standards

371 1. Rulemaking Authority. The Commission shall promulgate  
372 reasonable Rules, including Uniform Standards, and Operating  
373 Procedures in order to effectively and efficiently achieve the purposes  
374 of this Compact. Notwithstanding the foregoing, in the event the  
375 Commission exercises its rulemaking authority in a manner that is  
376 beyond the scope of the purposes of this act, or the powers granted  
377 hereunder, then such an action by the Commission shall be invalid and  
378 have no force and effect.

379 2. Rulemaking Procedure. Rules and Operating Procedures shall be  
380 made pursuant to a rulemaking process that conforms to the Model  
381 State Administrative Procedure Act of 1981 as amended, as may be  
382 appropriate to the operations of the Commission. Before the  
383 Commission adopts a Uniform Standard, the Commission shall give  
384 written notice to the relevant state legislative committees in each  
385 Compacting State responsible for insurance issues of its intention to  
386 adopt the Uniform Standard. The Commission in adopting a Uniform  
387 Standard shall consider fully all submitted materials and issue a  
388 concise explanation of its decision.

389 3. Effective Date and Opt Out of a Uniform Standard. A Uniform  
390 Standard shall become effective ninety days after its promulgation by  
391 the Commission or such later date as the Commission may determine;  
392 provided, however, that a Compacting State may opt out of a Uniform  
393 Standard as provided in this Article. "Opt out" shall be defined as any  
394 action by a Compacting State to decline to adopt or participate in a  
395 promulgated Uniform Standard. All other Rules and Operating  
396 Procedures, and amendments thereto, shall become effective as of the  
397 date specified in each Rule, Operating Procedure or amendment.

398 4. Opt Out Procedure. A Compacting State may opt out of a  
399 Uniform Standard, either by legislation or regulation duly  
400 promulgated by the Insurance Department under the Compacting  
401 State's Administrative Procedure Act. If a Compacting State elects to  
402 opt out of a Uniform Standard by regulation, it must (a) give written  
403 notice to the Commission no later than ten business days after the

404 Uniform Standard is promulgated, or at the time the State becomes a  
405 Compacting State and (b) find that the Uniform Standard does not  
406 provide reasonable protections to the citizens of the State, given the  
407 conditions in the State. The Commissioner shall make specific findings  
408 of fact and conclusions of law, based on a preponderance of the  
409 evidence, detailing the conditions in the State which warrant a  
410 departure from the Uniform Standard and determining that the  
411 Uniform Standard would not reasonably protect the citizens of the  
412 State. The Commissioner must consider and balance the following  
413 factors and find that the conditions in the State and needs of the  
414 citizens of the State outweigh: (i) the intent of the legislature to  
415 participate in, and the benefits of, an interstate agreement to establish  
416 national uniform consumer protections for the Products subject to this  
417 Act; and (ii) the presumption that a Uniform Standard adopted by the  
418 Commission provides reasonable protections to consumers of the  
419 relevant Product. Notwithstanding the foregoing, a Compacting State  
420 may, at the time of its enactment of this Compact, prospectively opt  
421 out of all Uniform Standards involving long-term care insurance  
422 products by expressly providing for such opt out in the enacted  
423 Compact, and such an opt out shall not be treated as a material  
424 variance in the offer or acceptance of any State to participate in this  
425 Compact. Such an opt out shall be effective at the time of enactment of  
426 this Compact by the Compacting State and shall apply to all existing  
427 Uniform Standards involving long-term care insurance products and  
428 those subsequently promulgated.

429 5. Effect of Opt Out. If a Compacting State elects to opt out of a  
430 Uniform Standard, the Uniform Standard shall remain applicable in  
431 the Compacting State electing to opt out until such time the opt out  
432 legislation is enacted into law or the regulation opting out becomes  
433 effective. Once the opt out of a Uniform Standard by a Compacting  
434 State becomes effective as provided under the laws of that State, the  
435 Uniform Standard shall have no further force and effect in that State  
436 unless and until the legislation or regulation implementing the opt out  
437 is repealed or otherwise becomes ineffective under the laws of the

438 State. If a Compacting State opts out of a Uniform Standard after the  
439 Uniform Standard has been made effective in that State, the opt out  
440 shall have the same prospective effect as provided under Article XIV  
441 for withdrawals.

442 6. Stay of Uniform Standard. If a Compacting State has formally  
443 initiated the process of opting out of a Uniform Standard by  
444 regulation, and while the regulatory opt out is pending, the  
445 Compacting State may petition the Commission, at least fifteen days  
446 before the effective date of the Uniform Standard, to stay the  
447 effectiveness of the Uniform Standard in that State. The Commission  
448 may grant a stay if it determines the regulatory opt out is being  
449 pursued in a reasonable manner and there is a likelihood of success. If  
450 a stay is granted or extended by the Commission, the stay or extension  
451 thereof may postpone the effective date by up to ninety days, unless  
452 affirmatively extended by the Commission; provided, a stay may not  
453 be permitted to remain in effect for more than one year unless the  
454 Compacting State can show extraordinary circumstances which  
455 warrant a continuance of the stay, including, but not limited to, the  
456 existence of a legal challenge which prevents the Compacting State  
457 from opting out. A stay may be terminated by the Commission upon  
458 notice that the rulemaking process has been terminated.

459 7. Not later than thirty days after a Rule or Operating Procedure is  
460 promulgated, any person may file a petition for judicial review of the  
461 Rule or Operating Procedure; provided, that the filing of such a  
462 petition shall not stay or otherwise prevent the Rule or Operating  
463 Procedure from becoming effective unless the court finds that the  
464 petitioner has a substantial likelihood of success. The court shall give  
465 deference to the actions of the Commission consistent with applicable  
466 law and shall not find the Rule or Operating Procedure to be unlawful  
467 if the Rule or Operating Procedure represents a reasonable exercise of  
468 the Commission's authority.

469 Article VIII. Commission Records and Enforcement



470 1. The Commission shall promulgate Rules establishing conditions  
471 and procedures for public inspection and copying of its information  
472 and official records, except such information and records involving the  
473 privacy of individuals and insurers' trade secrets. The Commission  
474 may promulgate additional Rules under which it may make available  
475 to federal and state agencies, including law enforcement agencies,  
476 records and information otherwise exempt from disclosure, and may  
477 enter into agreements with such agencies to receive or exchange  
478 information or records subject to nondisclosure and confidentiality  
479 provisions.

480 2. Except as to privileged records, data and information, the laws of  
481 any Compacting State pertaining to confidentiality or nondisclosure  
482 shall not relieve any Compacting State Commissioner of the duty to  
483 disclose any relevant records, data or information to the Commission;  
484 provided, that disclosure to the Commission shall not be deemed to  
485 waive or otherwise affect any confidentiality requirement; and further  
486 provided, that, except as otherwise expressly provided in this act, the  
487 Commission shall not be subject to the Compacting State's laws  
488 pertaining to confidentiality and nondisclosure with respect to records,  
489 data and information in its possession. Confidential information of the  
490 Commission shall remain confidential after such information is  
491 provided to any Commissioner.

492 3. The Commission shall monitor Compacting States for compliance  
493 with duly adopted Bylaws, Rules, including Uniform Standards, and  
494 Operating Procedures. The Commission shall notify any non-  
495 complying Compacting State in writing of its noncompliance with  
496 Commission Bylaws, Rules or Operating Procedures. If a non-  
497 complying Compacting State fails to remedy its noncompliance within  
498 the time specified in the notice of noncompliance, the Compacting  
499 State shall be deemed to be in default as set forth in Article XIV.

500 4. The Commissioner of any State in which an Insurer is authorized  
501 to do business, or is conducting the business of insurance, shall  
502 continue to exercise the commissioner's authority to oversee the

503 market regulation of the activities of the Insurer in accordance with the  
504 provisions of the State's law. The Commissioner's enforcement of  
505 compliance with the Compact is governed by the following provisions:

506 a. With respect to the Commissioner's market regulation of a  
507 Product or Advertisement that is approved or certified to the  
508 Commission, the content of the Product or Advertisement shall not  
509 constitute a violation of the provisions, standards or requirements of  
510 the Compact except upon a final order of the Commission, issued at  
511 the request of a Commissioner after prior notice to the Insurer and an  
512 opportunity for hearing before the Commission.

513 b. Before a Commissioner may bring an action for violation of any  
514 provision, standard or requirement of the Compact relating to the  
515 content of an Advertisement not approved or certified to the  
516 Commission, the Commission, or an authorized Commission officer or  
517 employee, must authorize the action. However, authorization  
518 pursuant to this paragraph does not require notice to the Insurer,  
519 opportunity for hearing or disclosure of requests for authorization or  
520 records of the Commission's action on such requests.

#### 521 Article IX. Dispute Resolution

522 The Commission shall attempt, upon the request of a Member, to  
523 resolve any disputes or other issues that are subject to this Compact  
524 and which may arise between two or more Compacting States, or  
525 between Compacting States and Non-compacting States, and the  
526 Commission shall promulgate an Operating Procedure providing for  
527 resolution of such disputes.

#### 528 Article X. Product Filing and Approval

529 1. Insurers and Third-Party Filers seeking to have a Product  
530 approved by the Commission shall file the Product with, and pay  
531 applicable filing fees to, the Commission. Nothing in this act shall be  
532 construed to restrict or otherwise prevent an insurer from filing its  
533 Product with the insurance department in any State wherein the

534 insurer is licensed to conduct the business of insurance, and such filing  
535 shall be subject to the laws of the States where filed.

536 2. The Commission shall establish appropriate filing and review  
537 processes and procedures pursuant to Commission Rules and  
538 Operating Procedures. Notwithstanding any provision herein to the  
539 contrary, the Commission shall promulgate Rules to establish  
540 conditions and procedures under which the Commission will provide  
541 public access to Product filing information. In establishing such Rules,  
542 the Commission shall consider the interests of the public in having  
543 access to such information, as well as protection of personal medical  
544 and financial information and trade secrets, that may be contained in a  
545 Product filing or supporting information.

546 3. Any Product approved by the Commission may be sold or  
547 otherwise issued in those Compacting States for which the Insurer is  
548 legally authorized to do business.

549 Article XI. Review of Commission Decisions Regarding Filings

550 1. Not later than thirty days after the Commission has given notice  
551 of a disapproved Product or Advertisement filed with the  
552 Commission, the Insurer or Third Party Filer whose filing was  
553 disapproved may appeal the determination to a review panel  
554 appointed by the Commission. The Commission shall promulgate  
555 Rules to establish procedures for appointing such review panels and  
556 provide for notice and hearing. An allegation that the Commission, in  
557 disapproving a Product or Advertisement filed with the Commission,  
558 acted arbitrarily, capriciously, or in a manner that is an abuse of  
559 discretion or otherwise not in accordance with the law, is subject to  
560 judicial review in accordance with Article III, Section 4.

561 2. The Commission shall have authority to monitor, review and  
562 reconsider Products and Advertisement subsequent to their filing or  
563 approval upon a finding that the product does not meet the relevant  
564 Uniform Standard. Where appropriate, the Commission may  
565 withdraw or modify its approval after proper notice and hearing,

566 subject to the appeal process in Section 1 of this article.

567 Article XII. Finance

568 1. The Commission shall pay or provide for the payment of the  
569 reasonable expenses of its establishment and organization. To fund the  
570 cost of its initial operations, the Commission may accept contributions  
571 and other forms of funding from the National Association of Insurance  
572 Commissioners, Compacting States and other sources. Contributions  
573 and other forms of funding from other sources shall be of such a  
574 nature that the independence of the Commission concerning the  
575 performance of its duties shall not be compromised.

576 2. The Commission shall collect a filing fee from each Insurer and  
577 Third Party Filer filing a product with the Commission to cover the  
578 cost of the operations and activities of the Commission and its staff in a  
579 total amount sufficient to cover the Commission's annual budget.

580 3. The Commission's budget for a fiscal year shall not be approved  
581 until it has been subject to notice and comment as set forth in Article  
582 VII of this Compact.

583 4. The Commission shall be exempt from all taxation in and by the  
584 Compacting States.

585 5. The Commission shall not pledge the credit of any Compacting  
586 State, except by and with the appropriate legal authority of that  
587 Compacting State.

588 6. The Commission shall keep complete and accurate accounts of all  
589 its internal receipts, including grants and donations, and  
590 disbursements of all funds under its control. The internal financial  
591 accounts of the Commission shall be subject to the accounting  
592 procedures established under its Bylaws. The financial accounts and  
593 reports including the system of internal controls and procedures of the  
594 Commission shall be audited annually by an independent certified  
595 public accountant. Upon the determination of the Commission, but no

596 less frequently than every three years, the review of the independent  
597 auditor shall include a management and performance audit of the  
598 Commission. The Commission shall make an Annual Report to the  
599 Governor and legislature of the Compacting States, which shall  
600 include a report of the independent audit. The Commission's internal  
601 accounts shall not be confidential and such materials may be shared  
602 with the Commissioner of any Compacting State upon request  
603 provided, however, that any work papers related to any internal or  
604 independent audit and any information regarding the privacy of  
605 individuals and insurers' proprietary information, including trade  
606 secrets, shall remain confidential.

607 7. No Compacting State shall have any claim to or ownership of any  
608 property held by or vested in the Commission or to any Commission  
609 funds held pursuant to the provisions of this Compact.

610 Article XIII. Compacting States, Effective Date and Amendment

611 1. Any State is eligible to become a Compacting State.

612 2. The Compact shall become effective and binding upon legislative  
613 enactment of the Compact into law by two Compacting States;  
614 provided, the Commission shall become effective for purposes of  
615 adopting Uniform Standards for, reviewing, and giving approval or  
616 disapproval of, Products filed with the Commission that satisfy  
617 applicable Uniform Standards only after twenty-six States are  
618 Compacting States or, alternatively, by States representing greater than  
619 forty per cent of the premium volume for life insurance, annuity,  
620 disability income and long-term care insurance products, based on  
621 records of the National Association of Insurance Commissioners for  
622 the prior year. Thereafter, it shall become effective and binding as to  
623 any other Compacting State upon enactment of the Compact into law  
624 by that State.

625 3. Amendments to the Compact may be proposed by the  
626 Commission for enactment by the Compacting States. No amendment  
627 shall become effective and binding upon the Commission and the

628 Compacting States unless and until all Compacting States enact the  
629 amendment into law.

630 Article XIV. Withdrawal, Default and Termination

631 1. Withdrawal

632 a. Once effective, the Compact shall continue in force and remain  
633 binding upon each and every Compacting State; provided, that a  
634 Compacting State may withdraw from the Compact by enacting a  
635 statute specifically repealing the statute which enacted the Compact  
636 into law.

637 b. The effective date of withdrawal is the effective date of the  
638 repealing statute. However, the withdrawal shall not apply to any  
639 product filings approved or self-certified, or any Advertisement of  
640 such products, on the date the repealing statute becomes effective,  
641 except by mutual agreement of the Commission and the Withdrawing  
642 State unless the approval is rescinded by the Withdrawing State as  
643 provided in Paragraph e of this section.

644 c. The Commissioner of the Withdrawing State shall immediately  
645 notify the Management Committee in writing upon the introduction of  
646 legislation repealing this Compact in the Withdrawing State.

647 d. The Commission shall notify the other Compacting States of the  
648 introduction of such legislation within ten days after its receipt of  
649 notice thereof.

650 e. The Withdrawing State is responsible for all obligations, duties  
651 and liabilities incurred through the effective date of withdrawal,  
652 including any obligations, the performance of which extend beyond  
653 the effective date of withdrawal, except to the extent those obligations  
654 may have been released or relinquished by mutual agreement of the  
655 Commission and the Withdrawing State. The Commission's approval  
656 of Products and Advertisement prior to the effective date of  
657 withdrawal shall continue to be effective and be given full force and

658 effect in the Withdrawing State, unless formally rescinded by the  
659 Withdrawing State in the same manner as provided by the laws of the  
660 Withdrawing State for the prospective disapproval of products or  
661 advertisement previously approved under state law.

662 f. Reinstatement following withdrawal of any Compacting State  
663 shall occur upon the effective date of the Withdrawing State reenacting  
664 the Compact.

665 2. Default

666 a. If the Commission determines that any Compacting State has at  
667 any time defaulted in the performance of any of its obligations or  
668 responsibilities under this Compact, the Bylaws or duly promulgated  
669 Rules or Operating Procedures, then, after notice and hearing as set  
670 forth in the Bylaws, all rights, privileges and benefits conferred by this  
671 Compact on the Defaulting State shall be suspended from the effective  
672 date of default as fixed by the Commission. The grounds for default  
673 include, but are not limited to, failure of a Compacting State to  
674 perform its obligations or responsibilities, and any other grounds  
675 designated in Commission Rules. The Commission shall immediately  
676 notify the Defaulting State in writing of the Defaulting State's  
677 suspension pending a cure of the default. The Commission shall  
678 stipulate the conditions and the time period within which the  
679 Defaulting State must cure its default. If the Defaulting State fails to  
680 cure the default within the time period specified by the Commission,  
681 the Defaulting State shall be terminated from the Compact and all  
682 rights, privileges and benefits conferred by this Compact shall be  
683 terminated from the effective date of termination.

684 b. Product approvals by the Commission or product self-  
685 certifications, or any Advertisement in connection with such product,  
686 that are in force on the effective date of termination shall remain in  
687 force in the Defaulting State in the same manner as if the Defaulting  
688 State had withdrawn voluntarily pursuant to Section 1 of this article.

689 c. Reinstatement following termination of any Compacting State

690 requires a reenactment of the Compact.

691 3. Dissolution of Compact

692 a. The Compact dissolves effective upon the date of the withdrawal  
693 or default of the Compacting State which reduces membership in the  
694 Compact to one Compacting State.

695 b. Upon the dissolution of this Compact, the Compact becomes null  
696 and void and shall be of no further force or effect, and the business and  
697 affairs of the Commission shall be wound up and any surplus funds  
698 shall be distributed in accordance with the Bylaws.

699 Article XV. Severability and Construction

700 1. The provisions of this Compact shall be severable; and if any  
701 phrase, clause, sentence or provision is deemed unenforceable, the  
702 remaining provisions of the Compact shall be enforceable.

703 2. The provisions of this Compact shall be liberally construed to  
704 effectuate its purposes.

705 Article XVI. Binding Effect of Compact and Other Laws

706 1. Other Laws

707 a. Nothing herein prevents the enforcement of any other law of a  
708 Compacting State, except as provided in Paragraph b of this section.

709 b. For any Product approved or certified to the Commission, the  
710 Rules, Uniform Standards and any other requirements of the  
711 Commission shall constitute the exclusive provisions applicable to the  
712 content, approval and certification of such Products. For  
713 Advertisement that is subject to the Commission's authority, any Rule,  
714 Uniform Standard or other requirement of the Commission which  
715 governs the content of the Advertisement shall constitute the exclusive  
716 provision that a Commissioner may apply to the content of the  
717 Advertisement. Notwithstanding the foregoing, no action taken by the



718 Commission shall abrogate or restrict: (i) the access of any person to  
719 state courts; (ii) remedies available under state law related to breach of  
720 contract, tort, or other laws not specifically directed to the content of  
721 the Product; (iii) state law relating to the construction of insurance  
722 contracts; or (iv) the authority of the attorney general of the state,  
723 including but not limited to maintaining any actions or proceedings, as  
724 authorized by law.

725 c. All insurance products filed with individual States shall be subject  
726 to the laws of those States.

727 2. Binding Effect of this Compact

728 a. All lawful actions of the Commission, including all Rules and  
729 Operating Procedures promulgated by the Commission, are binding  
730 upon the Compacting States.

731 b. All agreements between the Commission and the Compacting  
732 States are binding in accordance with their terms.

733 c. Upon the request of a party to a conflict over the meaning or  
734 interpretation of Commission actions, and upon a majority vote of the  
735 Compacting States, the Commission may issue advisory opinions  
736 regarding the meaning or interpretation in dispute.

737 d. In the event any provision of this Compact exceeds the  
738 constitutional limits imposed on the legislature of any Compacting  
739 State, the obligations, duties, powers or jurisdiction sought to be  
740 conferred by that provision upon the Commission shall be ineffective  
741 as to that Compacting State, and those obligations, duties, powers or  
742 jurisdiction shall remain in the Compacting State and shall be  
743 exercised by the agency thereof to which those obligations, duties,  
744 powers or jurisdiction are delegated by law in effect at the time this  
745 Compact becomes effective.

746 Appendix A

747 Pursuant to terms and conditions of this act, the State of Connecticut

748 seeks to join with other States and establish the Interstate Insurance  
749 Product Regulation Compact, and thus become a member of the  
750 Interstate Insurance Product Regulation Commission. The Insurance  
751 Commissioner is hereby designated to serve as the representative of  
752 this State to the Commission."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	New section