

State of Arizona  
House of Representatives  
Fifty-first Legislature  
Second Regular Session  
2014

**CHAPTER 95**  
**HOUSE BILL 2482**

AN ACT

AMENDING TITLE 20, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 23; RELATING  
TO THE INTERSTATE INSURANCE PRODUCT REGULATION COMPACT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 20, Arizona Revised Statutes, is amended by adding  
3 chapter 23, to read:

4 CHAPTER 23

5 INTERSTATE INSURANCE PRODUCT REGULATION COMPACT

6 ARTICLE 1. GENERAL PROVISIONS

7 20-3251. Interstate insurance product regulation compact

8 THE INTERSTATE INSURANCE PRODUCT REGULATION COMPACT IS ENACTED INTO LAW  
9 AS FOLLOWS:

10 ARTICLE I

11 PURPOSE

12 UNDER THE TERMS AND CONDITIONS OF THIS COMPACT, THIS STATE SEEKS TO  
13 JOIN WITH OTHER STATES AND ESTABLISH THE INTERSTATE INSURANCE PRODUCT  
14 REGULATION COMPACT AND THUS BECOME A MEMBER OF THE INTERSTATE INSURANCE  
15 PRODUCT REGULATION COMMISSION. THE DIRECTOR IS HEREBY DESIGNATED TO SERVE AS  
16 THE REPRESENTATIVE OF THIS STATE TO THE COMMISSION. THE PURPOSES OF THE  
17 COMPACT ARE, THROUGH MEANS OF JOINT AND COOPERATIVE ACTION AMONG THE  
18 COMPACTING STATES:

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

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

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

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

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

33 6. TO CREATE THE INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION.

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

36 ARTICLE II

37 DEFINITIONS

38 IN THIS COMPACT, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

43 2. "BYLAWS" MEANS THOSE BYLAWS ESTABLISHED BY THE COMMISSION FOR ITS  
44 GOVERNANCE OR FOR DIRECTING OR CONTROLLING THE COMMISSION'S ACTIONS OR  
45 CONDUCT.

1 3. "COMMISSION" MEANS THE INTERSTATE INSURANCE PRODUCT REGULATION  
2 COMMISSION ESTABLISHED BY THIS COMPACT.

3 4. "COMMISSIONER" MEANS THE DIRECTOR OF INSURANCE OR THE CHIEF  
4 INSURANCE REGULATORY OFFICIAL OF A STATE INCLUDING COMMISSIONER,  
5 SUPERINTENDENT, DIRECTOR OR ADMINISTRATOR.

6 5. "COMPACT" MEANS THE INTERSTATE INSURANCE PRODUCT REGULATION  
7 COMPACT.

8 6. "COMPACTING STATE" MEANS ANY STATE THAT HAS ENACTED THE COMPACT AND  
9 THAT HAS NOT WITHDRAWN OR BEEN TERMINATED UNDER ARTICLE XIV OF THIS COMPACT.

10 7. "DOMICILIARY STATE" MEANS THE STATE IN WHICH AN INSURER IS  
11 INCORPORATED OR ORGANIZED OR, IN THE CASE OF AN ALIEN INSURER, ITS STATE OF  
12 ENTRY.

13 8. "INSURER" MEANS ANY ENTITY LICENSED BY A STATE TO ISSUE CONTRACTS  
14 OF INSURANCE FOR ANY OF THE LINES OF INSURANCE COVERED BY THE COMPACT.

15 9. "MEMBER" MEANS THE PERSON CHOSEN BY A COMPACTING STATE AS ITS  
16 REPRESENTATIVE TO THE COMMISSION OR THE PERSON'S DESIGNEE.

17 10. "NONCOMPACTING STATE" MEANS ANY STATE THAT IS NOT AT THE TIME A  
18 COMPACTING STATE.

19 11. "OPERATING PROCEDURES" MEANS PROCEDURES ADOPTED BY THE COMMISSION  
20 IMPLEMENTING A RULE, UNIFORM STANDARD OR COMPACT PROVISION.

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

26 13. "RULE" MEANS A STATEMENT OF GENERAL OR PARTICULAR APPLICABILITY AND  
27 FUTURE EFFECT THAT IS ADOPTED BY THE COMMISSION, INCLUDING A UNIFORM STANDARD  
28 DEVELOPED PURSUANT TO ARTICLE VII OF THIS COMPACT, AND THAT IS DESIGNED TO  
29 IMPLEMENT, INTERPRET OR PRESCRIBE LAW OR POLICY OR DESCRIBES THE  
30 ORGANIZATION, PROCEDURE OR PRACTICE REQUIREMENTS OF THE COMMISSION, WHICH  
31 SHALL HAVE THE FORCE AND EFFECT OF LAW IN THE COMPACTING STATES.

32 14. "STATE" MEANS ANY STATE, DISTRICT OR TERRITORY OF THE UNITED  
33 STATES.

34 15. "THIRD-PARTY FILER" MEANS AN ENTITY THAT SUBMITS A PRODUCT FILING  
35 TO THE COMMISSION ON BEHALF OF AN INSURER.

36 16. "UNIFORM STANDARD" MEANS A STANDARD ADOPTED BY THE COMMISSION FOR A  
37 PRODUCT LINE PURSUANT TO ARTICLE VII OF THIS COMPACT AND INCLUDES ALL OF THE  
38 PRODUCT REQUIREMENTS IN AGGREGATE. EACH UNIFORM STANDARD SHALL BE CONSTRUED,  
39 WHETHER EXPRESS OR IMPLIED, TO PROHIBIT THE USE OF ANY INCONSISTENT,  
40 MISLEADING OR AMBIGUOUS PROVISIONS IN A PRODUCT AND THE FORM OF THE PRODUCT  
41 MADE AVAILABLE TO THE PUBLIC SHALL NOT BE UNFAIR, INEQUITABLE OR AGAINST  
42 PUBLIC POLICY AS DETERMINED BY THE COMMISSION.

43 ARTICLE III

44 COMMISSION ESTABLISHMENT AND VENUE

45 A. THE COMPACTING STATES HEREBY CREATE AND ESTABLISH A JOINT PUBLIC  
46 AGENCY KNOWN AS THE INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION. UNDER

1 ARTICLE IV OF THIS COMPACT, THE COMMISSION HAS THE POWER TO DEVELOP UNIFORM  
2 STANDARDS FOR PRODUCT LINES, RECEIVE AND PROVIDE PROMPT REVIEW OF PRODUCTS  
3 FILED WITH THE COMMISSION AND GIVE APPROVAL TO THOSE PRODUCT FILINGS  
4 SATISFYING APPLICABLE UNIFORM STANDARDS. IT IS NOT INTENDED FOR THE  
5 COMMISSION TO BE THE EXCLUSIVE ENTITY FOR RECEIPT AND REVIEW OF INSURANCE  
6 PRODUCT FILINGS. THIS SECTION DOES NOT PROHIBIT ANY INSURER FROM FILING ITS  
7 PRODUCT IN ANY STATE WHEREIN THE INSURER IS LICENSED TO CONDUCT THE BUSINESS  
8 OF INSURANCE. ANY FILING IS SUBJECT TO THE LAWS OF THE STATE WHERE FILED.

9 B. THE COMMISSION IS A BODY CORPORATE AND POLITIC, AND AN  
10 INSTRUMENTALITY OF THE COMPACTING STATES.

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

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

16 ARTICLE IV

17 COMMISSION POWERS

18 THE COMMISSION HAS THE FOLLOWING POWERS:

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

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

39 3. TO RECEIVE AND REVIEW IN AN EXPEDITIOUS MANNER PRODUCTS FILED WITH  
40 THE COMMISSION, AND RATE FILINGS FOR DISABILITY INCOME AND LONG-TERM CARE  
41 INSURANCE PRODUCTS, AND GIVE APPROVAL OF THOSE PRODUCTS AND RATE FILINGS THAT  
42 SATISFY THE APPLICABLE UNIFORM STANDARD, WHERE SUCH APPROVAL SHALL HAVE THE  
43 FORCE AND EFFECT OF LAW AND BE BINDING ON THE COMPACTING STATES TO THE EXTENT  
44 AND IN THE MANNER PROVIDED IN THE COMPACT.

45 4. TO RECEIVE AND REVIEW IN AN EXPEDITIOUS MANNER ADVERTISEMENT  
46 RELATING TO LONG-TERM CARE INSURANCE PRODUCTS FOR WHICH UNIFORM STANDARDS

1 HAVE BEEN ADOPTED BY THE COMMISSION, AND GIVE APPROVAL TO ALL ADVERTISEMENT  
2 THAT SATISFIES THE APPLICABLE UNIFORM STANDARD. FOR ANY PRODUCT COVERED UNDER  
3 THIS COMPACT, OTHER THAN LONG-TERM CARE INSURANCE PRODUCTS, THE COMMISSION  
4 SHALL HAVE THE AUTHORITY TO REQUIRE AN INSURER TO SUBMIT ALL OR ANY PART OF  
5 ITS ADVERTISEMENT WITH RESPECT TO THAT PRODUCT FOR REVIEW OR APPROVAL BEFORE  
6 USE IF THE COMMISSION DETERMINES THAT THE NATURE OF THE PRODUCT IS SUCH THAT  
7 AN ADVERTISEMENT OF THE PRODUCT COULD HAVE THE CAPACITY OR TENDENCY TO  
8 MISLEAD THE PUBLIC. THE ACTIONS OF THE COMMISSION AS PROVIDED IN THIS  
9 SECTION SHALL HAVE THE FORCE AND EFFECT OF LAW AND SHALL BE BINDING IN THE  
10 COMPACTING STATES TO THE EXTENT AND IN THE MANNER PROVIDED IN THE COMPACT.

11 5. TO EXERCISE ITS RULEMAKING AUTHORITY AND DESIGNATE PRODUCTS AND  
12 ADVERTISEMENT THAT MAY BE SUBJECT TO A SELF-CERTIFICATION PROCESS WITHOUT THE  
13 NEED FOR PRIOR APPROVAL BY THE COMMISSION.

14 6. TO ADOPT OPERATING PROCEDURES PURSUANT TO ARTICLE VII OF THIS  
15 COMPACT THAT SHALL BE BINDING IN THE COMPACTING STATES TO THE EXTENT AND IN  
16 THE MANNER PROVIDED IN THE COMPACT.

17 7. TO BRING AND PROSECUTE LEGAL PROCEEDINGS OR ACTIONS IN ITS NAME AS  
18 THE COMMISSION. THE STANDING OF ANY STATE INSURANCE DEPARTMENT TO SUE OR BE  
19 SUED UNDER APPLICABLE LAW SHALL NOT BE AFFECTED.

20 8. TO ISSUE SUBPOENAS REQUIRING THE ATTENDANCE AND TESTIMONY OF  
21 WITNESSES AND THE PRODUCTION OF EVIDENCE.

22 9. TO ESTABLISH AND MAINTAIN OFFICES.

23 10. TO PURCHASE AND MAINTAIN INSURANCE AND BONDS.

24 11. TO BORROW, ACCEPT OR CONTRACT FOR SERVICES OF PERSONNEL, INCLUDING  
25 EMPLOYEES OF A COMPACTING STATE.

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

32 13. TO ACCEPT ANY AND ALL APPROPRIATE DONATIONS AND GRANTS OF MONEY,  
33 EQUIPMENT, SUPPLIES, MATERIALS AND SERVICES, AND TO RECEIVE, USE AND DISPOSE  
34 OF THE SAME. THE COMMISSION SHALL STRIVE TO AVOID ANY APPEARANCE OF  
35 IMPROPRIETY.

36 14. TO LEASE, PURCHASE, ACCEPT APPROPRIATE GIFTS OR DONATIONS OF, OR  
37 OTHERWISE TO OWN, HOLD, IMPROVE OR USE, ANY PROPERTY, REAL, PERSONAL OR  
38 MIXED. THE COMMISSION SHALL STRIVE TO AVOID ANY APPEARANCE OF IMPROPRIETY.

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

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

43 17. TO ENFORCE COMPLIANCE BY COMPACTING STATES WITH RULES, UNIFORM  
44 STANDARDS, OPERATING PROCEDURES AND BYLAWS.

45 18. TO PROVIDE FOR DISPUTE RESOLUTION AMONG COMPACTING STATES.

1 19. TO ADVISE COMPACTING STATES ON ISSUES RELATING TO INSURERS  
2 DOMICILED OR DOING BUSINESS IN NONCOMPACTING JURISDICTIONS, CONSISTENT WITH  
3 THE PURPOSES OF THE COMPACT.

4 20. TO PROVIDE ADVICE AND TRAINING TO THOSE PERSONNEL IN STATE  
5 INSURANCE DEPARTMENTS RESPONSIBLE FOR PRODUCT REVIEW, AND TO BE A RESOURCE  
6 FOR STATE INSURANCE DEPARTMENTS.

7 21. TO ESTABLISH A BUDGET AND MAKE EXPENDITURES.

8 22. TO BORROW MONEY.

9 23. TO APPOINT COMMITTEES, INCLUDING ADVISORY COMMITTEES COMPRISING  
10 MEMBERS, STATE INSURANCE REGULATORS, STATE LEGISLATORS OR THEIR  
11 REPRESENTATIVES, INSURANCE INDUSTRY AND CONSUMER REPRESENTATIVES AND OTHER  
12 INTERESTED PERSONS AS MAY BE DESIGNATED IN THE BYLAWS.

13 24. TO PROVIDE AND RECEIVE INFORMATION FROM, AND TO COOPERATE WITH, LAW  
14 ENFORCEMENT AGENCIES.

15 25. TO ADOPT AND USE A CORPORATE SEAL.

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

19 ARTICLE V

20 COMMISSION ORGANIZATION

21 A. EACH COMPACTING STATE SHALL HAVE AND BE LIMITED TO ONE MEMBER. EACH  
22 MEMBER SHALL BE QUALIFIED TO SERVE IN THAT CAPACITY PURSUANT TO APPLICABLE  
23 LAW OF THE COMPACTING STATE. ANY MEMBER MAY BE REMOVED OR SUSPENDED FROM  
24 OFFICE AS PROVIDED BY THE LAW OF THE STATE FROM WHICH THE MEMBER SHALL BE  
25 APPOINTED. ANY VACANCY OCCURRING IN THE COMMISSION SHALL BE FILLED IN  
26 ACCORDANCE WITH THE LAWS OF THE COMPACTING STATE WHEREIN THE VACANCY EXISTS.  
27 THIS SECTION DOES NOT AFFECT THE MANNER IN WHICH A COMPACTING STATE  
28 DETERMINES THE ELECTION OR APPOINTMENT AND QUALIFICATION OF ITS OWN  
29 COMMISSIONER.

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

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

39 1. ESTABLISHING THE FISCAL YEAR OF THE COMMISSION.

40 2. PROVIDING REASONABLE PROCEDURES FOR APPOINTING AND ELECTING  
41 MEMBERS, AS WELL AS HOLDING MEETINGS, OF THE MANAGEMENT COMMITTEE.

42 3. PROVIDING REASONABLE STANDARDS AND PROCEDURES FOR:

43 (a) THE ESTABLISHMENT AND MEETINGS OF OTHER COMMITTEES.

44 (b) GOVERNING ANY GENERAL OR SPECIFIC DELEGATION OF ANY AUTHORITY OR  
45 FUNCTION OF THE COMMISSION.

1           4. PROVIDING REASONABLE PROCEDURES FOR CALLING AND CONDUCTING MEETINGS  
2 OF THE COMMISSION THAT CONSIST OF A MAJORITY OF COMMISSION MEMBERS, ENSURING  
3 REASONABLE ADVANCE NOTICE OF EACH SUCH MEETING AND PROVIDING FOR THE RIGHT OF  
4 CITIZENS TO ATTEND EACH SUCH MEETING WITH ENUMERATED EXCEPTIONS DESIGNED TO  
5 PROTECT THE PUBLIC'S INTEREST, THE PRIVACY OF INDIVIDUALS AND INSURERS'  
6 PROPRIETARY INFORMATION, INCLUDING TRADE SECRETS. THE COMMISSION MAY MEET IN  
7 CAMERA ONLY AFTER A MAJORITY OF THE ENTIRE MEMBERSHIP VOTES TO CLOSE A  
8 MEETING. AS SOON AS PRACTICABLE, THE COMMISSION MUST MAKE PUBLIC A COPY OF  
9 THE VOTE TO CLOSE THE MEETING REVEALING THE VOTE OF EACH MEMBER WITH NO PROXY  
10 VOTES ALLOWED AND THE VOTES TAKEN DURING THE MEETING.

11           5. ESTABLISHING THE TITLES, DUTIES, AUTHORITY AND REASONABLE  
12 PROCEDURES FOR THE ELECTION OF THE OFFICERS OF THE COMMISSION.

13           6. PROVIDING REASONABLE STANDARDS AND PROCEDURES FOR THE ESTABLISHMENT  
14 OF THE PERSONNEL POLICIES AND PROGRAMS OF THE COMMISSION. NOTWITHSTANDING  
15 ANY CIVIL SERVICE OR OTHER SIMILAR LAWS OF ANY COMPACTING STATE, THE BYLAWS  
16 SHALL EXCLUSIVELY GOVERN THE PERSONNEL POLICIES AND PROGRAMS OF THE  
17 COMMISSION.

18           7. ADOPTING A CODE OF ETHICS TO ADDRESS PERMISSIBLE AND PROHIBITED  
19 ACTIVITIES OF COMMISSION MEMBERS AND EMPLOYEES.

20           8. PROVIDING A MECHANISM FOR WINDING UP THE OPERATIONS OF THE  
21 COMMISSION AND THE EQUITABLE DISPOSITION OF ANY SURPLUS FUNDS THAT MAY EXIST  
22 AFTER THE TERMINATION OF THE COMPACT AND AFTER THE PAYMENT OR RESERVING OF  
23 ALL OF ITS DEBTS AND OBLIGATIONS.

24           D. THE COMMISSION SHALL PUBLISH ITS BYLAWS IN A CONVENIENT FORM AND  
25 FILE A COPY OF THE BYLAWS AND ANY AMENDMENT TO THE BYLAWS WITH THE  
26 APPROPRIATE AGENCY OR OFFICER IN EACH OF THE COMPACTING STATES.

27           E. A MANAGEMENT COMMITTEE COMPRISING NO MORE THAN FOURTEEN MEMBERS  
28 SHALL BE ESTABLISHED AS FOLLOWS:

29           1. ONE MEMBER FROM EACH OF THE SIX COMPACTING STATES WITH THE LARGEST  
30 PREMIUM VOLUME FOR INDIVIDUAL AND GROUP ANNUITIES, LIFE, DISABILITY INCOME,  
31 AND LONG-TERM CARE INSURANCE PRODUCTS, DETERMINED FROM THE RECORDS OF THE  
32 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS FOR THE PRIOR YEAR.

33           2. FOUR MEMBERS FROM THOSE COMPACTING STATES WITH AT LEAST TWO PER  
34 CENT OF THE MARKET BASED ON THE PREMIUM VOLUME DESCRIBED IN PARAGRAPH 1 OF  
35 THIS SUBSECTION, OTHER THAN THE SIX COMPACTING STATES WITH THE LARGEST  
36 PREMIUM VOLUME, SELECTED ON A ROTATING BASIS AS PROVIDED IN THE BYLAWS.

37           3. FOUR MEMBERS FROM THOSE COMPACTING STATES WITH LESS THAN TWO PER  
38 CENT OF THE MARKET, BASED ON THE PREMIUM VOLUME DESCRIBED IN PARAGRAPH 1 OF  
39 THIS SUBSECTION, WITH ONE SELECTED FROM EACH OF THE FOUR ZONE REGIONS OF THE  
40 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS AS PROVIDED IN THE BYLAWS.

41           F. THE MANAGEMENT COMMITTEE SHALL HAVE SUCH AUTHORITY AND DUTIES AS  
42 MAY BE SET FORTH IN THE BYLAWS, INCLUDING:

43           1. MANAGING THE AFFAIRS OF THE COMMISSION IN A MANNER CONSISTENT WITH  
44 THE BYLAWS AND PURPOSES OF THE COMMISSION.

45           2. ESTABLISHING AND OVERSEEING AN ORGANIZATIONAL STRUCTURE WITHIN, AND  
46 APPROPRIATE PROCEDURES FOR, THE COMMISSION TO PROVIDE FOR THE CREATION OF

1 UNIFORM STANDARDS AND OTHER RULES, RECEIPT AND REVIEW OF PRODUCT FILINGS,  
2 ADMINISTRATIVE AND TECHNICAL SUPPORT FUNCTIONS, REVIEW OF DECISIONS REGARDING  
3 THE DISAPPROVAL OF A PRODUCT FILING AND THE REVIEW OF ELECTIONS MADE BY A  
4 COMPACTING STATE TO OPT OUT OF A UNIFORM STANDARD. HOWEVER, A UNIFORM  
5 STANDARD SHALL NOT BE SUBMITTED TO THE COMPACTING STATES FOR ADOPTION UNLESS  
6 APPROVED BY TWO-THIRDS OF THE MEMBERS OF THE MANAGEMENT COMMITTEE.

7 3. OVERSEEING THE OFFICES OF THE COMMISSION.

8 4. PLANNING, IMPLEMENTING AND COORDINATING COMMUNICATIONS AND  
9 ACTIVITIES WITH OTHER STATE, FEDERAL AND LOCAL GOVERNMENT ORGANIZATIONS IN  
10 ORDER TO ADVANCE THE GOALS OF THE COMMISSION.

11 G. THE COMMISSION SHALL ELECT ANNUALLY OFFICERS FROM THE MANAGEMENT  
12 COMMITTEE, WITH EACH HAVING SUCH AUTHORITY AND DUTIES, AS MAY BE SPECIFIED IN  
13 THE BYLAWS.

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

21 I. A LEGISLATIVE COMMITTEE COMPRISING STATE LEGISLATORS OR THEIR  
22 DESIGNEES SHALL BE ESTABLISHED TO MONITOR THE OPERATIONS OF, AND MAKE  
23 RECOMMENDATIONS TO, THE COMMISSION, INCLUDING THE MANAGEMENT COMMITTEE.  
24 HOWEVER, THE MANNER OF SELECTION AND TERM OF ANY LEGISLATIVE COMMITTEE MEMBER  
25 SHALL BE AS SET FORTH IN THE BYLAWS. BEFORE THE ADOPTION BY THE COMMISSION  
26 OF ANY UNIFORM STANDARD, REVISION TO THE BYLAWS, ANNUAL BUDGET OR OTHER  
27 SIGNIFICANT MATTER AS MAY BE PROVIDED IN THE BYLAWS, THE MANAGEMENT COMMITTEE  
28 SHALL CONSULT WITH AND REPORT TO THE LEGISLATIVE COMMITTEE.

29 J. THE COMMISSION SHALL ESTABLISH TWO ADVISORY COMMITTEES, ONE OF  
30 WHICH SHALL COMPRISE CONSUMER REPRESENTATIVES INDEPENDENT OF THE INSURANCE  
31 INDUSTRY, AND THE OTHER COMPRISING INSURANCE INDUSTRY REPRESENTATIVES.

32 K. THE COMMISSION MAY ESTABLISH ADDITIONAL ADVISORY COMMITTEES AS ITS  
33 BYLAWS MAY PROVIDE FOR THE CARRYING OUT OF ITS FUNCTIONS.

34 L. THE COMMISSION SHALL MAINTAIN ITS CORPORATE BOOKS AND RECORDS IN  
35 ACCORDANCE WITH THE BYLAWS.

36 M. THE MEMBERS, OFFICERS, EXECUTIVE DIRECTOR, EMPLOYEES AND  
37 REPRESENTATIVES OF THE COMMISSION SHALL BE IMMUNE FROM SUIT AND LIABILITY,  
38 EITHER PERSONALLY OR IN THEIR OFFICIAL CAPACITY, FOR ANY CLAIM FOR DAMAGE TO  
39 OR LOSS OF PROPERTY OR PERSONAL INJURY OR OTHER CIVIL LIABILITY CAUSED BY OR  
40 ARISING OUT OF ANY ACTUAL OR ALLEGED ACT, ERROR OR OMISSION THAT OCCURRED, OR  
41 THAT THE PERSON AGAINST WHOM THE CLAIM IS MADE HAD A REASONABLE BASIS FOR  
42 BELIEVING OCCURRED WITHIN THE SCOPE OF COMMISSION EMPLOYMENT, DUTIES OR  
43 RESPONSIBILITIES. THIS SUBSECTION DOES NOT PROTECT ANY SUCH PERSON FROM SUIT  
44 OR LIABILITY FOR ANY DAMAGE, LOSS, INJURY OR LIABILITY CAUSED BY THE  
45 INTENTIONAL OR WILLFUL AND WANTON MISCONDUCT OF THAT PERSON.



1 N. THE COMMISSION SHALL DEFEND ANY MEMBER, OFFICER, EXECUTIVE  
2 DIRECTOR, EMPLOYEE OR REPRESENTATIVE OF THE COMMISSION IN ANY CIVIL ACTION  
3 SEEKING TO IMPOSE LIABILITY ARISING OUT OF ANY ACTUAL OR ALLEGED ACT, ERROR  
4 OR OMISSION THAT OCCURRED WITHIN THE SCOPE OF COMMISSION EMPLOYMENT, DUTIES  
5 OR RESPONSIBILITIES, OR THAT THE PERSON AGAINST WHOM THE CLAIM IS MADE HAD A  
6 REASONABLE BASIS FOR BELIEVING OCCURRED WITHIN THE SCOPE OF COMMISSION  
7 EMPLOYMENT, DUTIES OR RESPONSIBILITIES. THIS SUBSECTION DOES NOT PROHIBIT  
8 THAT PERSON FROM RETAINING THE PERSON'S OWN COUNSEL. ALSO, THE ACTUAL OR  
9 ALLEGED ACT, ERROR OR OMISSION MAY NOT HAVE RESULTED FROM THAT PERSON'S  
10 INTENTIONAL OR WILLFUL AND WANTON MISCONDUCT.

11 O. THE COMMISSION SHALL INDEMNIFY AND HOLD HARMLESS ANY MEMBER,  
12 OFFICER, EXECUTIVE DIRECTOR, EMPLOYEE OR REPRESENTATIVE OF THE COMMISSION FOR  
13 THE AMOUNT OF ANY SETTLEMENT OR JUDGMENT OBTAINED AGAINST THAT PERSON ARISING  
14 OUT OF ANY ACTUAL OR ALLEGED ACT, ERROR OR OMISSION THAT OCCURRED WITHIN THE  
15 SCOPE OF COMMISSION EMPLOYMENT, DUTIES OR RESPONSIBILITIES, OR THAT SUCH  
16 PERSON HAD A REASONABLE BASIS FOR BELIEVING OCCURRED WITHIN THE SCOPE OF  
17 COMMISSION EMPLOYMENT, DUTIES OR RESPONSIBILITIES. HOWEVER, THE ACTUAL OR  
18 ALLEGED ACT, ERROR OR OMISSION MAY NOT HAVE RESULTED FROM THE INTENTIONAL OR  
19 WILLFUL AND WANTON MISCONDUCT OF THAT PERSON.

20 ARTICLE VI

21 COMMISSION MEETING AND ACTS

22 A. THE COMMISSION SHALL MEET AND TAKE SUCH ACTIONS AS ARE CONSISTENT  
23 WITH THE PROVISIONS OF THIS COMPACT AND THE BYLAWS.

24 B. EACH MEMBER OF THE COMMISSION SHALL HAVE THE RIGHT AND POWER TO  
25 CAST A VOTE TO WHICH THAT COMPACTING STATE IS ENTITLED AND TO PARTICIPATE IN  
26 THE BUSINESS AND AFFAIRS OF THE COMMISSION. A MEMBER SHALL VOTE IN PERSON OR  
27 BY SUCH OTHER MEANS AS PROVIDED IN THE BYLAWS. THE BYLAWS MAY PROVIDE FOR  
28 MEMBERS' PARTICIPATION IN MEETINGS BY TELEPHONE OR OTHER MEANS OF  
29 COMMUNICATION.

30 C. THE COMMISSION SHALL MEET AT LEAST ONCE DURING EACH CALENDAR YEAR.  
31 ADDITIONAL MEETINGS SHALL BE HELD AS SET FORTH IN THE BYLAWS.

32 ARTICLE VII

33 RULES AND OPERATING PROCEDURES, RULEMAKING FUNCTIONS

34 AND OPTING OUT OF UNIFORM STANDARDS

35 A. THE COMMISSION SHALL ADOPT REASONABLE RULES, INCLUDING UNIFORM  
36 STANDARDS, AND OPERATING PROCEDURES IN ORDER TO EFFECTIVELY AND EFFICIENTLY  
37 ACHIEVE THE PURPOSES OF THIS COMPACT. IF THE COMMISSION EXERCISES ITS  
38 RULEMAKING AUTHORITY IN A MANNER THAT IS BEYOND THE SCOPE OF THE PURPOSES OF  
39 THIS COMPACT, THE ACTION BY THE COMMISSION SHALL BE INVALID AND HAVE NO FORCE  
40 AND EFFECT.

41 B. RULES AND OPERATING PROCEDURES SHALL BE MADE PURSUANT TO A  
42 RULEMAKING PROCESS THAT CONFORMS TO THE MODEL STATE ADMINISTRATIVE PROCEDURE  
43 ACT OF 1981 AS AMENDED, AS MAY BE APPROPRIATE TO THE OPERATIONS OF THE  
44 COMMISSION. BEFORE THE COMMISSION ADOPTS A UNIFORM STANDARD, THE COMMISSION  
45 SHALL GIVE WRITTEN NOTICE TO THE RELEVANT STATE LEGISLATIVE COMMITTEES IN  
46 EACH COMPACTING STATE RESPONSIBLE FOR INSURANCE ISSUES OF ITS INTENTION TO

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

4 C. A UNIFORM STANDARD SHALL BECOME EFFECTIVE NINETY DAYS AFTER ITS  
5 ADOPTION BY THE COMMISSION OR SUCH LATER DATE AS THE COMMISSION MAY  
6 DETERMINE. A COMPACTING STATE MAY OPT OUT OF A UNIFORM STANDARD AS PROVIDED  
7 IN THIS ARTICLE. "OPT OUT" MEANS ANY ACTION BY A COMPACTING STATE TO DECLINE  
8 TO ADOPT OR PARTICIPATE IN AN ADOPTED UNIFORM STANDARD. ALL OTHER RULES AND  
9 OPERATING PROCEDURES, AND AMENDMENTS THERETO, SHALL BECOME EFFECTIVE AS OF  
10 THE DATE SPECIFIED IN EACH RULE, OPERATING PROCEDURE OR AMENDMENT.

11 D. A COMPACTING STATE MAY OPT OUT OF A UNIFORM STANDARD, EITHER BY  
12 LEGISLATION OR RULE ADOPTED BY THE INSURANCE DEPARTMENT UNDER THE COMPACTING  
13 STATE'S ADMINISTRATIVE PROCEDURE ACT. IF A COMPACTING STATE ELECTS TO OPT  
14 OUT OF A UNIFORM STANDARD BY RULE, IT MUST:

15 1. GIVE WRITTEN NOTICE TO THE COMMISSION NO LATER THAN TEN BUSINESS  
16 DAYS AFTER THE UNIFORM STANDARD IS ADOPTED, OR AT THE TIME THE STATE BECOMES  
17 A COMPACTING STATE.

18 2. FIND THAT THE UNIFORM STANDARD DOES NOT PROVIDE REASONABLE  
19 PROTECTIONS TO THE CITIZENS OF THE STATE, GIVEN THE CONDITIONS IN THE STATE.

20 E. THE COMMISSIONER SHALL MAKE SPECIFIC FINDINGS OF FACT AND  
21 CONCLUSIONS OF LAW, BASED ON A PREPONDERANCE OF THE EVIDENCE, DETAILING THE  
22 CONDITIONS IN THE STATE THAT WARRANT A DEPARTURE FROM THE UNIFORM STANDARD  
23 AND DETERMINING THAT THE UNIFORM STANDARD WOULD NOT REASONABLY PROTECT THE  
24 CITIZENS OF THE STATE. THE COMMISSIONER MUST CONSIDER AND BALANCE THE  
25 FOLLOWING FACTORS AND FIND THAT THE CONDITIONS IN THE STATE AND NEEDS OF THE  
26 CITIZENS OF THE STATE OUTWEIGH BOTH:

27 1. THE INTENT OF THE LEGISLATURE TO PARTICIPATE IN, AND THE BENEFITS  
28 OF, AN INTERSTATE AGREEMENT TO ESTABLISH NATIONAL UNIFORM CONSUMER  
29 PROTECTIONS FOR THE PRODUCTS SUBJECT TO THIS COMPACT.

30 2. THE PRESUMPTION THAT A UNIFORM STANDARD ADOPTED BY THE COMMISSION  
31 PROVIDES REASONABLE PROTECTIONS TO CONSUMERS OF THE RELEVANT PRODUCT.

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

42 G. IF A COMPACTING STATE ELECTS TO OPT OUT OF A UNIFORM STANDARD, THE  
43 UNIFORM STANDARD SHALL REMAIN APPLICABLE IN THE COMPACTING STATE ELECTING TO  
44 OPT OUT UNTIL THE OPT OUT LEGISLATION IS ENACTED INTO LAW OR THE REGULATION  
45 OPTING OUT BECOMES EFFECTIVE. ONCE THE OPT OUT OF A UNIFORM STANDARD BY A  
46 COMPACTING STATE BECOMES EFFECTIVE AS PROVIDED UNDER THE LAWS OF THAT STATE,

1 THE UNIFORM STANDARD SHALL HAVE NO FURTHER FORCE AND EFFECT IN THAT STATE  
2 UNLESS AND UNTIL THE LEGISLATION OR REGULATION IMPLEMENTING THE OPT OUT IS  
3 REPEALED OR OTHERWISE BECOMES INEFFECTIVE UNDER THE LAWS OF THAT STATE. IF A  
4 COMPACTING STATE OPTS OUT OF A UNIFORM STANDARD AFTER THE UNIFORM STANDARD  
5 HAS BEEN MADE EFFECTIVE IN THAT STATE, THE OPT OUT SHALL HAVE THE SAME  
6 PROSPECTIVE EFFECT AS PROVIDED UNDER ARTICLE XIV OF THIS COMPACT FOR  
7 WITHDRAWALS.

8 H. IF A COMPACTING STATE HAS FORMALLY INITIATED THE PROCESS OF OPTING  
9 OUT OF A UNIFORM STANDARD BY REGULATION, AND WHILE THE REGULATORY OPT OUT IS  
10 PENDING, THE COMPACTING STATE MAY PETITION THE COMMISSION, AT LEAST FIFTEEN  
11 DAYS BEFORE THE EFFECTIVE DATE OF THE UNIFORM STANDARD, TO STAY THE  
12 EFFECTIVENESS OF THE UNIFORM STANDARD IN THAT STATE. THE COMMISSION MAY  
13 GRANT A STAY IF IT DETERMINES THE REGULATORY OPT OUT IS BEING PURSUED IN A  
14 REASONABLE MANNER AND THERE IS A LIKELIHOOD OF SUCCESS. IF A STAY IS GRANTED  
15 OR EXTENDED BY THE COMMISSION, THE STAY OR EXTENSION THEREOF MAY POSTPONE THE  
16 EFFECTIVE DATE BY UP TO NINETY DAYS, UNLESS AFFIRMATIVELY EXTENDED BY THE  
17 COMMISSION. HOWEVER, A STAY MAY NOT BE PERMITTED TO REMAIN IN EFFECT FOR  
18 MORE THAN ONE YEAR UNLESS THE COMPACTING STATE CAN SHOW EXTRAORDINARY  
19 CIRCUMSTANCES THAT WARRANT A CONTINUANCE OF THE STAY, INCLUDING, THE  
20 EXISTENCE OF A LEGAL CHALLENGE THAT PREVENTS THE COMPACTING STATE FROM OPTING  
21 OUT. A STAY MAY BE TERMINATED BY THE COMMISSION ON NOTICE THAT THE  
22 RULEMAKING PROCESS HAS BEEN TERMINATED.

23 I. NOT LATER THAN THIRTY DAYS AFTER A RULE OR OPERATING PROCEDURE IS  
24 ADOPTED, ANY PERSON MAY FILE A PETITION FOR JUDICIAL REVIEW OF THE RULE OR  
25 OPERATING PROCEDURE. HOWEVER, THE FILING OF SUCH A PETITION SHALL NOT STAY  
26 OR OTHERWISE PREVENT THE RULE OR OPERATING PROCEDURE FROM BECOMING EFFECTIVE  
27 UNLESS THE COURT FINDS THAT THE PETITIONER HAS A SUBSTANTIAL LIKELIHOOD OF  
28 SUCCESS. THE COURT SHALL GIVE DEFERENCE TO THE ACTIONS OF THE COMMISSION  
29 CONSISTENT WITH APPLICABLE LAW AND SHALL NOT FIND THE RULE OR OPERATING  
30 PROCEDURE TO BE UNLAWFUL IF THE RULE OR OPERATING PROCEDURE REPRESENTS A  
31 REASONABLE EXERCISE OF THE COMMISSION'S AUTHORITY.

32 ARTICLE VIII

33 COMMISSION RECORDS AND ENFORCEMENT

34 A. THE COMMISSION SHALL ADOPT RULES ESTABLISHING CONDITIONS AND  
35 PROCEDURES FOR PUBLIC INSPECTION AND COPYING OF ITS INFORMATION AND OFFICIAL  
36 RECORDS, EXCEPT INFORMATION AND RECORDS INVOLVING THE PRIVACY OF INDIVIDUALS  
37 AND INSURERS' TRADE SECRETS. THE COMMISSION MAY ADOPT ADDITIONAL RULES UNDER  
38 WHICH IT MAY MAKE AVAILABLE TO FEDERAL AND STATE AGENCIES, INCLUDING LAW  
39 ENFORCEMENT AGENCIES, RECORDS AND INFORMATION OTHERWISE EXEMPT FROM  
40 DISCLOSURE, AND MAY ENTER INTO AGREEMENTS WITH SUCH AGENCIES TO RECEIVE OR  
41 EXCHANGE INFORMATION OR RECORDS SUBJECT TO NONDISCLOSURE AND CONFIDENTIALITY  
42 PROVISIONS.

43 B. EXCEPT AS TO PRIVILEGED RECORDS, DATA AND INFORMATION, THE LAWS OF  
44 ANY COMPACTING STATE PERTAINING TO CONFIDENTIALITY OR NONDISCLOSURE SHALL NOT  
45 RELIEVE ANY COMPACTING STATE COMMISSIONER OF THE DUTY TO DISCLOSE ANY  
46 RELEVANT RECORDS, DATA OR INFORMATION TO THE COMMISSION. DISCLOSURE TO THE

1 COMMISSION DOES NOT WAIVE OR OTHERWISE AFFECT ANY CONFIDENTIALITY  
2 REQUIREMENT. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS COMPACT, THE  
3 COMMISSION SHALL NOT BE SUBJECT TO THE COMPACTING STATE'S LAWS PERTAINING TO  
4 CONFIDENTIALITY AND NONDISCLOSURE WITH RESPECT TO RECORDS, DATA AND  
5 INFORMATION IN ITS POSSESSION. CONFIDENTIAL INFORMATION OF THE COMMISSION  
6 SHALL REMAIN CONFIDENTIAL AFTER THE INFORMATION IS PROVIDED TO ANY  
7 COMMISSIONER.

8 C. THE COMMISSION SHALL MONITOR COMPACTING STATES FOR COMPLIANCE WITH  
9 DULY ADOPTED BYLAWS, RULES, INCLUDING UNIFORM STANDARDS, AND OPERATING  
10 PROCEDURES. THE COMMISSION SHALL NOTIFY ANY NONCOMPLYING COMPACTING STATE IN  
11 WRITING OF ITS NONCOMPLIANCE WITH COMMISSION BYLAWS, RULES OR OPERATING  
12 PROCEDURES. IF A NONCOMPLYING COMPACTING STATE FAILS TO REMEDY ITS  
13 NONCOMPLIANCE WITHIN THE TIME SPECIFIED IN THE NOTICE OF NONCOMPLIANCE, THE  
14 COMPACTING STATE SHALL BE DEEMED TO BE IN DEFAULT AS SET FORTH IN ARTICLE XIV  
15 OF THIS COMPACT.

16 D. THE COMMISSIONER OF ANY STATE IN WHICH AN INSURER IS AUTHORIZED TO  
17 DO BUSINESS, OR IS CONDUCTING THE BUSINESS OF INSURANCE, SHALL CONTINUE TO  
18 EXERCISE THE COMMISSIONER'S AUTHORITY TO OVERSEE THE MARKET REGULATION OF THE  
19 ACTIVITIES OF THE INSURER IN ACCORDANCE WITH THE PROVISIONS OF THE STATE'S  
20 LAW. THE COMMISSIONER'S ENFORCEMENT OF COMPLIANCE WITH THE COMPACT IS  
21 GOVERNED BY THE FOLLOWING PROVISIONS:

22 1. WITH RESPECT TO THE COMMISSIONER'S MARKET REGULATION OF A PRODUCT  
23 OR ADVERTISEMENT THAT IS APPROVED OR CERTIFIED TO THE COMMISSION, THE CONTENT  
24 OF THE PRODUCT OR ADVERTISEMENT SHALL NOT CONSTITUTE A VIOLATION OF THE  
25 PROVISIONS, STANDARDS OR REQUIREMENTS OF THE COMPACT EXCEPT ON A FINAL ORDER  
26 OF THE COMMISSION, ISSUED AT THE REQUEST OF A COMMISSIONER AFTER PRIOR NOTICE  
27 TO THE INSURER AND AN OPPORTUNITY FOR HEARING BEFORE THE COMMISSION.

28 2. BEFORE A COMMISSIONER MAY BRING AN ACTION FOR VIOLATION OF ANY  
29 PROVISION, STANDARD OR REQUIREMENT OF THE COMPACT RELATING TO THE CONTENT OF  
30 AN ADVERTISEMENT NOT APPROVED OR CERTIFIED TO THE COMMISSION, THE COMMISSION,  
31 OR AN AUTHORIZED COMMISSION OFFICER OR EMPLOYEE, MUST AUTHORIZE THE ACTION.  
32 AUTHORIZATION UNDER THIS PARAGRAPH DOES NOT REQUIRE NOTICE TO THE INSURER,  
33 OPPORTUNITY FOR HEARING OR DISCLOSURE OF REQUESTS FOR AUTHORIZATION OR  
34 RECORDS OF THE COMMISSION'S ACTION ON SUCH REQUESTS.

35 ARTICLE IX

36 DISPUTE RESOLUTION

37 ON THE REQUEST OF A MEMBER, THE COMMISSION SHALL ATTEMPT TO RESOLVE ANY  
38 DISPUTES OR OTHER ISSUES THAT ARE SUBJECT TO THIS COMPACT AND THAT MAY ARISE  
39 BETWEEN TWO OR MORE COMPACTING STATES, OR BETWEEN COMPACTING STATES AND  
40 NONCOMPACTING STATES, AND THE COMMISSION SHALL ADOPT AN OPERATING PROCEDURE  
41 PROVIDING FOR RESOLUTION OF SUCH DISPUTES.

42 ARTICLE X

43 PRODUCT FILING AND APPROVAL

44 A. INSURERS AND THIRD-PARTY FILERS SEEKING TO HAVE A PRODUCT APPROVED  
45 BY THE COMMISSION SHALL FILE THE PRODUCT WITH, AND PAY APPLICABLE FILING FEES  
46 TO, THE COMMISSION. THIS COMPACT DOES NOT RESTRICT OR OTHERWISE PREVENT AN

1 INSURER FROM FILING ITS PRODUCT WITH THE INSURANCE DEPARTMENT IN ANY STATE  
2 WHEREIN THE INSURER IS LICENSED TO CONDUCT THE BUSINESS OF INSURANCE, AND  
3 SUCH FILING SHALL BE SUBJECT TO THE LAWS OF THE STATES WHERE FILED.

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

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

15 ARTICLE XI

16 REVIEW OF COMMISSION DECISIONS REGARDING FILINGS

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

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

33 ARTICLE XII

34 FINANCE

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

43 B. THE COMMISSION SHALL COLLECT A FILING FEE FROM EACH INSURER AND  
44 THIRD-PARTY FILER FILING A PRODUCT WITH THE COMMISSION TO COVER THE COST OF  
45 THE OPERATIONS AND ACTIVITIES OF THE COMMISSION AND ITS STAFF IN A TOTAL  
46 AMOUNT SUFFICIENT TO COVER THE COMMISSION'S ANNUAL BUDGET.

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

4 D. THE COMMISSION SHALL BE EXEMPT FROM ALL TAXATION IN AND BY THE  
5 COMPACTING STATES.

6 E. THE COMMISSION SHALL NOT PLEDGE THE CREDIT OF ANY COMPACTING STATE,  
7 EXCEPT BY AND WITH THE APPROPRIATE LEGAL AUTHORITY OF THAT COMPACTING STATE.

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

24 G. A COMPACTING STATE DOES NOT HAVE ANY CLAIM TO OR OWNERSHIP OF ANY  
25 PROPERTY HELD BY OR VESTED IN THE COMMISSION OR TO ANY COMMISSION FUNDS HELD  
26 UNDER THIS COMPACT.

27 ARTICLE XIII

28 COMPACTING STATES, EFFECTIVE DATE AND AMENDMENT

29 A. ANY STATE IS ELIGIBLE TO BECOME A COMPACTING STATE.

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

41 C. AMENDMENTS TO THE COMPACT MAY BE PROPOSED BY THE COMMISSION FOR  
42 ENACTMENT BY THE COMPACTING STATES. AN AMENDMENT DOES NOT BECOME EFFECTIVE  
43 AND BINDING ON THE COMMISSION AND THE COMPACTING STATES UNLESS AND UNTIL ALL  
44 COMPACTING STATES ENACT THE AMENDMENT INTO LAW.

45 ARTICLE XIV

46 WITHDRAWAL, DEFAULT AND TERMINATION

1           A. ONCE EFFECTIVE, THE COMPACT SHALL CONTINUE IN FORCE AND REMAIN  
2 BINDING ON EACH AND EVERY COMPACTING STATE. A COMPACTING STATE MAY WITHDRAW  
3 FROM THE COMPACT BY ENACTING A STATUTE SPECIFICALLY REPEALING THE STATUTE  
4 THAT ENACTED THE COMPACT INTO LAW.

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

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

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

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

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

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

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

6 I. REINSTATEMENT FOLLOWING TERMINATION OF ANY COMPACTING STATE  
7 REQUIRES A REENACTMENT OF THE COMPACT.

8 J. THE COMPACT DISSOLVES EFFECTIVE ON THE DATE OF THE WITHDRAWAL OR  
9 DEFAULT OF THE COMPACTING STATE THAT REDUCES MEMBERSHIP IN THE COMPACT TO ONE  
10 COMPACTING STATE. ON THE DISSOLUTION OF THE COMPACT, THE COMPACT BECOMES  
11 NULL AND VOID AND SHALL BE OF NO FURTHER FORCE OR EFFECT, AND THE BUSINESS  
12 AND AFFAIRS OF THE COMMISSION SHALL BE WOUND UP AND ANY SURPLUS FUNDS SHALL  
13 BE DISTRIBUTED IN ACCORDANCE WITH THE BYLAWS.

14 ARTICLE XV

15 BINDING EFFECT OF COMPACT AND OTHER LAWS

16 A. THE COMPACT DOES NOT PREVENT THE ENFORCEMENT OF ANY OTHER LAW OF A  
17 COMPACTING STATE, EXCEPT AS PROVIDED IN SUBSECTION B OF THIS ARTICLE.

18 B. FOR ANY PRODUCT APPROVED OR CERTIFIED TO THE COMMISSION, THE RULES,  
19 UNIFORM STANDARDS AND ANY OTHER REQUIREMENTS OF THE COMMISSION SHALL  
20 CONSTITUTE THE EXCLUSIVE PROVISIONS APPLICABLE TO THE CONTENT, APPROVAL AND  
21 CERTIFICATION OF SUCH PRODUCTS. FOR ADVERTISEMENT THAT IS SUBJECT TO THE  
22 COMMISSION'S AUTHORITY, ANY RULE, UNIFORM STANDARD OR OTHER REQUIREMENT OF  
23 THE COMMISSION THAT GOVERNS THE CONTENT OF THE ADVERTISEMENT SHALL CONSTITUTE  
24 THE EXCLUSIVE PROVISION THAT A COMMISSIONER MAY APPLY TO THE CONTENT OF THE  
25 ADVERTISEMENT. NO ACTION TAKEN BY THE COMMISSION SHALL ABROGATE OR RESTRICT  
26 ANY OF THE FOLLOWING:

- 27 1. THE ACCESS OF ANY PERSON TO STATE COURTS.
- 28 2. REMEDIES AVAILABLE UNDER STATE LAW RELATED TO BREACH OF CONTRACT,  
29 TORT OR OTHER LAWS NOT SPECIFICALLY DIRECTED TO THE CONTENT OF THE PRODUCT.
- 30 3. STATE LAW RELATING TO THE CONSTRUCTION OF INSURANCE CONTRACTS.
- 31 4. THE AUTHORITY OF THE ATTORNEY GENERAL OF THE STATE, INCLUDING  
32 MAINTAINING ANY ACTIONS OR PROCEEDINGS, AS AUTHORIZED BY LAW.

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

35 D. ALL LAWFUL ACTIONS OF THE COMMISSION, INCLUDING ALL RULES AND  
36 OPERATING PROCEDURES ADOPTED BY THE COMMISSION, ARE BINDING ON THE COMPACTING  
37 STATES.

38 E. ALL AGREEMENTS BETWEEN THE COMMISSION AND THE COMPACTING STATES ARE  
39 BINDING IN ACCORDANCE WITH THEIR TERMS.

40 F. ON THE REQUEST OF A PARTY TO A CONFLICT OVER THE MEANING OR  
41 INTERPRETATION OF COMMISSION ACTIONS, AND ON A MAJORITY VOTE OF THE  
42 COMPACTING STATES, THE COMMISSION MAY ISSUE ADVISORY OPINIONS REGARDING THE  
43 MEANING OR INTERPRETATION IN DISPUTE.

44 G. IF ANY PROVISION OF THE COMPACT EXCEEDS THE CONSTITUTIONAL LIMITS  
45 IMPOSED ON THE LEGISLATURE OF ANY COMPACTING STATE, THE OBLIGATIONS, DUTIES,  
46 POWERS OR JURISDICTION SOUGHT TO BE CONFERRED BY THAT PROVISION ON THE



1 COMMISSION SHALL BE INEFFECTIVE AS TO THAT COMPACTING STATE, AND THOSE  
2 OBLIGATIONS, DUTIES, POWERS OR JURISDICTION SHALL REMAIN IN THE COMPACTING  
3 STATE AND SHALL BE EXERCISED BY THE AGENCY THEREOF TO WHICH THOSE  
4 OBLIGATIONS, DUTIES, POWERS OR JURISDICTION ARE DELEGATED BY LAW IN EFFECT AT  
5 THE TIME THE COMPACT BECOMES EFFECTIVE.

6 ARTICLE XVI

7 SEVERABILITY AND CONSTRUCTION

8 A. IF ANY PROVISION OF THIS COMPACT OR ITS APPLICATION TO ANY PERSON  
9 OR CIRCUMSTANCE IS HELD INVALID, THE REMAINDER OF THE COMPACT OR THE  
10 APPLICATION OF THE PROVISION TO OTHER PERSONS OR CIRCUMSTANCES IS NOT  
11 AFFECTED.

12 B. THIS COMPACT SHALL BE LIBERALLY CONSTRUED TO EFFECTUATE ITS  
13 PURPOSES.

APPROVED BY THE GOVERNOR APRIL 17, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 18, 2014.