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**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2005**

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A N A C T

RELATING TO THE INTERSTATE COMPACT ON INSURANCE PRODUCT  
REGULATION

Introduced By: Representatives Singleton, Long, and Ehrhardt

Date Introduced: March 01, 2005

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1           SECTION 1. Section 27-2.5-2 of the General Laws in Chapter 27-2.5 entitled "Interstate  
2 Compact on Insurance Product Regulations" is hereby amended to read as follows:

3           **27-2.5-2. Compact enacted.** -- The interstate compact on insurance product regulation is  
4 hereby enacted into law and entered into with all other jurisdictions legally joining therein in  
5 form substantially as follows:

6           Preamble

7           This act intended to help states join together to establish an interstate compact to regulate  
8 designated insurance products.

9           Pursuant to terms and conditions of this act, the state of Rhode Island seeks to join with  
10 other states and establish the Interstate Insurance Product Regulation Compact, and thus become  
11 a member of the Interstate Insurance Product Regulation Commission. The Rhode Island  
12 Insurance Commissioner is hereby designated to serve as the representative of this state to the  
13 commission.

14           Interstate Insurance Product Regulation Compact

15           ARTICLE I.

16           PURPOSES

17           The purposes of this compact are, through means of joint and cooperative action among  
18 the compacting states:

1 (1) To promote and protect the interest of consumers of individual and group annuity,  
2 life insurance, disability income and long-term care insurance products;

3 (2) To develop uniform standards for insurance products covered under the compact;

4 (3) To establish a central clearinghouse to receive and provide prompt review of  
5 insurance products covered under the compact and, in certain cases, advertisements related  
6 thereto, submitted by insurers authorized to do business in one or more compacting states;

7 (4) To give appropriate regulatory approval to those product filings and advertisements  
8 satisfying the applicable uniform standard;

9 (5) To improve coordination of regulatory resources and expertise between state  
10 insurance departments regarding the setting of uniform standards and review of insurance  
11 products covered under the compact;

12 (6) To create the Interstate insurance product regulation commission; and

13 (7) To perform these and such other related functions as may be consistent with the state  
14 regulation of the business of insurance.

## 15 ARTICLE II.

### 16 DEFINITIONS

17 For purposes of this compact:

18 (1) "Advertisement" means any material designed to create public interest in a product,  
19 or induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace or  
20 retain a policy, as more specifically defined in the rules and operating procedures of the  
21 commission.

22 (2) "Bylaws" mean those bylaws established by the commission for its governance, or  
23 for directing or controlling the commissions' actions or conduct.

24 (3) "Compacting state" means any state which has enacted this compact legislation and  
25 which has not withdrawn pursuant to Article XIV, Section 1, or been terminated pursuant to  
26 Article XIV, Section 2.

27 (4) "Commission" means the "Interstate Insurance Product Regulation Commission"  
28 established by this compact.

29 (5) "Commissioner" means the chief insurance regulatory official of a state including,  
30 but not limited to, commissioner, superintendent, director or administrator.

31 (6) "Domiciliary state" means the state in which an insurer is incorporated or organized;  
32 or, in the case of an alien insurer, its state of entry.

33 (7) "Insurer" means any entity licensed by a state to issue contracts of insurance for any  
34 of the lines of insurance covered by this act.

1 (8) "Member" means the person chosen by a compacting state as its representative to the  
2 commission, or his or her designee.

3 (9) "Noncompacting state" means any state which is not at the time a compacting state.

4 (10) "Operating procedures" mean procedures promulgated by the commission  
5 implementing a rule, uniformed standard or a provision of this compact.

6 (11) "Product" means the form of a policy or contract, including any application  
7 endorsement, or related form which is attached to and made a part of the policy or contract, and  
8 any evidence of coverage of certificate, for an individual or group annuity, life insurance,  
9 disability income or long-term care insurance product that an insurer is authorized to issue.

10 (12) "Rule" means a statement of general or particular applicability and future effect  
11 promulgated by the commission, including a uniform standard developed pursuant to Article VII  
12 of this compact, designed to implement, interpret, or prescribe law or policy or describing the  
13 organization, procedure, or practice requirements of the commission, which shall have the force  
14 and effect of law in the compacting states.

15 (13) "State" means any state, district or territory of the United States of America.

16 (14) "Third-party filer" means an entity that submits a product filing to the commission  
17 on behalf of an insurer.

18 (15) "Uniform standard" means a standard adopted by the commission for a product line,  
19 pursuant to Article VII of this compact, and shall include all of the product requirements in  
20 aggregate; provided, that each uniform standard shall be construed, whether express or implied, to  
21 prohibit the use of any inconsistent, misleading or ambiguous provisions in a product and the  
22 form of the product made available to the public shall not be unfair, inequitable or against public  
23 policy as determined by the commission.

24 ARTICLE III.

25 ESTABLISHMENT OF THE COMMISSION AND VENUE

26 (1) The compacting states hereby create and establish a joint public agency known as the  
27 "Interstate Insurance Product Regulation Commission." Pursuant to Article IV, the commission  
28 will have the power to develop uniform standards for product lines, receive and provide prompt  
29 review of products filed therewith, and give approval to those product filings satisfying applicable  
30 uniform standards; provided, it is not intended for the commission to be the exclusive entity for  
31 receipt and review of insurance product filings. Nothing herein shall prohibit any insurer from  
32 filing its product in any state wherein the insurer is licensed to conduct the business of insurance;  
33 and any such filing shall be subject to the laws of the state where filed.

34 (2) The commission is a body corporate and politic, and an instrumentality of the

1 compacting states.

2 (3) The commission is a not-for-profit entity, separate and distinct from the individual  
3 compacting states.

4 (4) The commission is solely responsible for its liabilities except as otherwise  
5 specifically provided in this compact.

6 (5) Venue is proper and judicial proceedings by or against the commission shall be  
7 brought solely and exclusively in a court of competent jurisdiction where the principal office of  
8 the commission is located.

#### 9 ARTICLE IV.

#### 10 POWERS OF THE COMMISSION

11 The commission shall have the following powers:

12 (1) To promulgate rules, pursuant to Article VII of this compact, which shall have the  
13 force and effect of law and shall be binding in the compacting states to the extent and in the  
14 manner provided in this compact;

15 (2) To exercise its rule-making authority and establish reasonable uniform standards for  
16 products covered under the compact, and advertisement related thereto, which shall have the  
17 force and effect of law and shall be binding in the compacting states, but only for those products  
18 filed with the commission, provided, that a compacting state shall have the right to opt out of  
19 such uniform standard pursuant to Article VII, to the extent and in the manner provided in this  
20 compact and, provided, further, that any uniform standard established by the commission for  
21 long-term care insurance products may provide the same or greater protections for consumers as,  
22 but shall not provide less than, those protections set forth in the National Association of Insurance  
23 Commissioners' Long-Term Care Insurance Model Act and Long-Term Care Insurance Model  
24 Regulation, respectively, adopted as of 2001. The commission shall consider whether any  
25 subsequent amendments to the NAIC Long-Term Care Insurance Model Act or Long-Term Care  
26 Insurance Model Regulation adopted by the NAIC require amending of the uniform standards  
27 established by the commission for long-term care insurance products;

28 (3) To receive and review in an expeditious manner products filed with the commission,  
29 and rate filings for disability income and long-term care insurance products, and give approval of  
30 those products and rate filings that satisfy the applicable uniform standard, where such approval  
31 shall have the force and effect of law and be binding on the compacting states to the extent and in  
32 the manner provided in the compact;

33 (4) To receive and review in an expeditious manner advertisement relating to long-term  
34 care insurance products for which uniform standards have been adopted by the commission, and

1 give approval to all advertisement that satisfies the applicable uniform standard. For any product  
2 covered under this compact, other than long-term care insurance products, the commission shall  
3 have the authority to require an insurer to submit all or any part of its advertisement with respect  
4 to that product for review or approval prior to use, if the commission determines that the nature of  
5 the product is such that an advertisement of the product could have the capacity or tendency to  
6 mislead the public. The actions of commission as provided in this section shall have the force and  
7 effect of law and shall be binding in the compacting states to the extent and in the manner  
8 provided in the compact;

9 (5) To exercise its rule-making authority and designate products and advertisement that  
10 may be subject to a self-certification process without the need for prior approval by the  
11 commission;

12 (6) To promulgate operating procedures, pursuant to Article VII of the compact, which  
13 shall be binding in the compacting states to the extent and in the manner provided in this  
14 compact;

15 (7) To bring and prosecute legal proceedings or actions in its name as the commission;  
16 provided, that the standing of any state insurance department to sue or be sued under applicable  
17 law shall not be affected;

18 (8) To issue subpoenas requiring the attendance and testimony of witnesses and the  
19 production of evidence;

20 (9) To establish and maintain offices;

21 (10) To purchase and maintain insurance and bonds;

22 (11) To borrow, accept or contract for services of personnel, including, but not limited  
23 to, employees of a compacting state;

24 (12) To hire employees, professionals or specialists, and elect or appoint officers, and to  
25 fix their compensation, define their duties and give them appropriate authority to carry out the  
26 purposes of the compact, and determine their qualifications; and to establish the commission's  
27 personnel policies and programs relating to, among other things, conflicts of interest, rates of  
28 compensation and qualifications of personnel;

29 (13) To accept any and all appropriate donations and grants of money, equipment,  
30 supplies, materials, and services, and to receive, utilize and dispose of the same; provided, that at  
31 all times the commission shall strive to avoid any appearance of impropriety;

32 (14) To lease, purchase, accept appropriate gifts or donations of, or otherwise to own,  
33 hold, improve or use, any property, real, personal or mixed; provided, that at all times the  
34 commission shall strive to avoid any appearance of impropriety;

1 (15) To sell, convey, mortgage, pledge, lease, exchange, abandon or otherwise dispose of  
2 any property, real, personal or mixed;

3 (16) To remit filing fees to compacting states as may be set forth in the bylaws, rules or  
4 operating procedures;

5 (17) To enforce compliance by compacting states with rules, uniform standards,  
6 operating procedures and bylaws;

7 (18) To provide for dispute resolution among compacting states;

8 (19) To advise compacting states on issues relating to insurers domiciled or doing  
9 business in noncompacting jurisdictions, consistent with the purposes of the compact;

10 (20) To provide advice and training to those personnel in state insurance departments  
11 responsible for product review, and to be a resource for state insurance departments;

12 (21) To establish a budget and make expenditures;

13 (22) To borrow money;

14 (23) To appoint committees including advisory committees comprising members, state  
15 insurance regulators, state legislators or their representatives, insurance industry and consumer  
16 representatives, and such other interested persons as may be designated in the bylaws;

17 (24) To provide and receive information from, and to cooperate with law enforcement  
18 agencies;

19 (25) To adopt and use a corporate seal; and

20 (26) To perform such other functions as may be necessary or appropriate to achieve the  
21 purposes of this compact consistent with the state regulation of the business of insurance.

22 ARTICLE V.

23 ORGANIZATION OF THE COMMISSION

24 (1) Membership, voting and bylaws.

25 (a) Each compacting state shall have [be]limited to one member. Each member shall be  
26 qualified to serve in that capacity pursuant to applicable law of the compacting state. Any  
27 member may be removed or suspended from office as provided by the law of the state from  
28 which he or she shall be appointed. Any vacancy occurring in the commission shall be filled in  
29 accordance with the laws of the compacting state wherein the vacancy exists. Nothing herein  
30 shall be construed to affect the manner in which a compacting state determines the election or  
31 appointment and qualification of its own commissioner.

32 (b) Each member shall be entitled to one vote and shall have an opportunity to  
33 participate in the governance of the commission in accordance with the bylaws. Notwithstanding  
34 any provision herein to the contrary, no action of the commission with respect to the

1 promulgation of a uniform standard shall be effective unless two-thirds (2/3) of the members vote  
2 in favor thereof.

3 (c) The commission shall, by a majority of the members, prescribe bylaws to govern its  
4 conduct as may be necessary or appropriate to carry out the purposes, and exercise the powers, of  
5 the compact, including, but not limited to:

6 (i) Establishing the fiscal year of the commission;

7 (ii) Providing reasonable procedures for appointing and electing members, as well as  
8 holding meetings, of the management committee;

9 (iii) Providing reasonable standards and procedures: (i) for the establishment and  
10 meetings of other committees; and (ii) governing any general or specific delegation of any  
11 authority or function of the commission;

12 (iv) Providing reasonable procedures for calling and conducting meetings of the  
13 commission that consists of a majority of commission members, ensuring reasonable advance  
14 notice of each such meeting and providing for the rights of citizens to attend such meeting with  
15 enumerated exceptions designed to protect the public's interest, the privacy of individuals, and  
16 insurers' proprietary information, including trade secrets. The commission may meet in camera  
17 only after a majority of the entire membership votes to close a meeting en toto or in part. As soon  
18 as practicable, the commission must make public: (i) a copy of the vote to close the meeting  
19 revealing the vote of each member with no proxy votes allowed; and (ii) votes taken during such  
20 meeting;

21 (v) Establishing the titles, duties and authority and reasonable procedures for the election  
22 of the officers of the commission;

23 (vi) Providing reasonable standards and procedures for the establishment of the  
24 personnel policies and programs of the commission. Notwithstanding any civil service or other  
25 similar laws of any compacting state, the bylaws shall exclusively govern the personnel policies  
26 and programs of the commission;

27 (vii) Promulgating a code of ethics to address permissible and prohibited activities of  
28 commission members and employees; and

29 (viii) Providing a mechanism for winding up the operations of the commission and the  
30 equitable disposition of any surplus funds that may exist after the termination of the compact after  
31 the payment and/or reserving of all of its debts and obligations.

32 (d) The commission shall publish its bylaws in a convenient form and file a copy thereof  
33 and a copy of any amendment thereto, with the appropriate agency or officer in each of the  
34 compacting states.

1 (2) Management committee, officers and personnel.

2 (a) A management committee comprising no more than fourteen (14) members shall be  
3 established as follows:

4 (i) One member from each of the six (6) compacting states with the largest premium  
5 volume for individual and group annuities, life, disability income and long-term care insurance  
6 products, determined from the records of the NAIC for the prior year;

7 (ii) Four (4) members from those compacting states with at least two percent (2%) of the  
8 market based on the premium volume described above, other than the six (6) compacting states  
9 with the largest premium volume, selected on a rotating basis as provided in the bylaws, and;

10 (iii) Four (4) members from those compacting states with less than two percent (2%) of  
11 the market, based on the premium volume described above, with one selected from [from]each of  
12 the four (4) zone regions of the NAIC as provided in the bylaws.

13 (b) The management committee shall have such authority and duties as may be set forth  
14 in the bylaws, including, but not limited to:

15 (i) Managing the affairs of the commission in a manner consistent with the bylaws and  
16 purposes of the commission;

17 (ii) Establishing and overseeing an organizational structure within, and appropriate  
18 procedures for, the commission to provide for the creation of uniform standards and other rules,  
19 receipt and review of product filings, administrative and technical support functions, review of  
20 decisions regarding the disapproval of a product filing, and the review of elections made by a  
21 compacting state to opt out of a uniform standard; provided, that a uniform standard shall not be  
22 submitted to the compacting states for adoption unless approved by two-thirds (2/3) of the  
23 members of the management committee;

24 (iii) Overseeing the offices of the commission; and

25 (iv) planning, implementing, and coordinating communications and activities with other  
26 state, federal and local government organizations in order to advance the goals of the  
27 commission.

28 (c) The commission shall elect annually officers from the management committee, with  
29 each having such authority and duties, as may be specified in the bylaws.

30 (d) The management committee may, subject to the approval of the commission, appoint  
31 or retain an executive director for such period, upon such terms and conditions and for such  
32 compensation as the commission may deem appropriate. The executive director shall serve as  
33 secretary to the commission, but shall not be a member of the commission. The executive director  
34 shall hire and supervise such other staff as may be authorized by the commission.



1 (3) Legislative and advisory committees.

2 (a) A legislative committee comprising state legislators or their designees shall be  
3 established to monitor the operations of, and make recommendations to, the commission,  
4 including the management committee; provided, that the manner of selection and term of any  
5 legislative committee member shall be as set forth in the bylaws. Prior to the adoption by the  
6 commission of any uniform standard, revision to the bylaws, annual budget or other significant  
7 matter as may be provided in the bylaws, the management committee shall consult with and  
8 report to the legislative committee.

9 (b) The commission shall establish two (2) advisory committees, one of which shall  
10 comprise consume [consumer]representatives independent of the insurance industry, and the  
11 other comprising insurance industry representatives.

12 (c) The commission may establish additional advisory committees as its bylaws may  
13 provide for the carrying out of its functions.

14 (4) Corporate records of the commission.

15 The commission shall maintain its corporate books and records in accordance with the  
16 bylaws.

17 (5) Qualified immunity, defense and indemnification.

18 (a) The members, officers, executive director, employees and representatives of the  
19 commission shall be immune from suit and liability, either personally or in their official capacity,  
20 for any claim for damage to or loss of property or personal injury or other civil liability caused by  
21 or arising out of any actual or alleged act, error or omission that occurred, or that the person  
22 against whom the claim is made had a reasonable basis for believing occurred within the scope of  
23 commission employment, duties or responsibilities; provided, that nothing in this paragraph shall  
24 be construed to protect any such person from suit and/or liability for any damage, loss, injury or  
25 liability caused by the intentional or willful and wanton misconduct of that person.

26 (b) The commission shall defend any member, officer, executive director, employee or  
27 representative of the commission in any civil action seeking to impose liability arising out of any  
28 actual or alleged act, error or omission that occurred within the scope of commission  
29 employment, duties or responsibilities, or that the person against whom the claim is made had a  
30 reasonable basis for believing occurred within the scope of commission employment, duties or  
31 responsibilities; provided, that nothing herein shall be construed to prohibit that person from  
32 retaining his or her own counsel; and provided, further, that the actual or alleged act, error or  
33 omission did not result form [from]that person's intentional or willful and wanton misconduct.

34 (c) The commission shall indemnify and hold harmless any member, officer, executive

1 director, employee or representative of the commission for the amount of any settlement or  
2 judgment obtained against that person arising out of any actual or alleged act, error or omission  
3 that occurred within the scope of commission employment, duties or responsibilities, or that such  
4 person had a reasonable basis for believing occurred within the scope of commission  
5 employment, duties or responsibilities, provided, that the actual or alleged act, error or omission  
6 did not result from the intentional or willful and wanton misconduct of that person.

7 ARTICLE VI.

8 MEETINGS AND ACTS OF THE COMMISSION

9 (1) The commission shall meet and take such actions as are consistent with the  
10 provisions of this compact and the bylaws.

11 (2) Each member of the commission shall have the right and power to cast a vote to  
12 which that compacting state is entitle [entitled]and to participate in the business and affairs of the  
13 commission. A member shall vote in person or by such other means as provided in the bylaws.  
14 The bylaws may provide for members' participation in meetings by telephone or other means of  
15 communication.

16 (3) The commission shall meet at least once during each calendar year. Additional  
17 meetings shall be held as set forth in the bylaws.

18 ARTICLED VII.

19 RULES AND OPERATING PROCEDURES: RULEMAKING FUNCTIONS OF THE  
20 COMMISSION AND OPTING OUT OF UNIFORM STANDARDS.

21 (1) Rulemaking authority. - The commission shall promulgate reasonable rules,  
22 including uniform standards, and operating procedures in order to effectively and efficiently  
23 achieve the purposes of this compact. Notwithstanding the foregoing, in the event the commission  
24 exercises its rulemaking authority in a manner that is beyond the scope of the purposes of this act,  
25 or the powers granted hereunder, then such an action by the commission shall be invalid and have  
26 no force and effect.

27 (2) Rulemaking procedure. - Rules and operating procedures shall be made pursuant to a  
28 rulemaking process that conforms to the Model State Administrative Procedure Act of 1981 as  
29 amended, as may be appropriate to the operations of the commission. Before the commission  
30 adopts a uniform standard, the commission shall give written notice to the relevant state  
31 legislative committee(s) in each compacting state responsible for insurance issues of its intention  
32 to adopt the uniform standard. The commission in adopting a uniform standard shall consider  
33 fully all submitted materials and issue a concise explanation of its decision.

34 (3) Effective date and opt out of a uniform standard. - A uniform standard shall become

1 effective ninety (90) days after its promulgation by the commission or such later date as the  
2 commission may determine; provided, however, that a compacting state may opt out of a uniform  
3 standard as provided in this Article. "Opt out" shall be defined as any action by a compacting  
4 state to decline to adopt or participate in a promulgated uniform standard. All other rules and  
5 operating procedures, and amendments thereto, shall become effective as of the date specified in  
6 each rule, operating procedure or amendment.

7 (4) Opt out procedure. - A compacting state may opt out of a uniform standard, either by  
8 legislation or regulation duly promulgated by the insurance department under the Compacting  
9 State's Administrative Procedure Act. If a compacting state elects to opt out of a uniform standard  
10 by regulation, it must: (a) give written notice to the commission no later than ten (10) business  
11 days after the uniform standard is promulgated, or at the time the state becomes a compacting  
12 state; and (b) find that the uniform standard does not provide reasonable protections to the  
13 citizens of the state, given the conditions in the state. The commissioner shall make specific  
14 findings of fact and conclusions of law, based on a preponderance of the evidence, detailing the  
15 conditions in the state which warrant a departure from the uniform standard and determining that  
16 the uniform standard would not reasonably protect the citizens of the state. The commissioner  
17 must consider and balance the following factors and find that the conditions in the state and needs  
18 of the citizens of the state outweigh: (i) the intent of the legislature to participate in, and the  
19 benefits of, an interstate agreement to establish national uniform consumer protections for the  
20 products subject to this act; and (ii) the presumption that a uniform standard adopted by the  
21 commission provides reasonable protections to consumers of the relevant product.

22 Notwithstanding the foregoing, a compacting state, may, at the time of its enactment of  
23 this compact, prospectively opt out of all uniform standards involving long-term care insurance  
24 products by expressly providing for such opt out in the enacted compact, and such an opt out shall  
25 not be treated as a material variance in the offer or acceptance of any state to participate in this  
26 compact. Such an opt out shall be effective at the time of enactment of this compact by the  
27 compacting state and shall apply to all existing uniform standards involving long-term care  
28 insurance products and those subsequently promulgated.

29 (5) Effect of opt out. - If a compacting state elects to opt out of a uniform standard, the  
30 uniform standard shall remain applicable in the compacting state electing to opt out until such  
31 time the opt out legislation is enacted into law or the regulation opting out becomes effective.

32 Once the opt out of a uniform standard by a compacting state becomes effective as  
33 provided under the laws of that state, the uniform standard shall have no further force and effect  
34 in that state unless and until the legislation or regulation implementing the opt out is repealed or

1 otherwise becomes ineffective under the laws of the state. If a compacting state opts out of a  
2 uniform standard after the uniform standard has been made effective in that state, the opt out shall  
3 have the same prospective effect as provided under Article XIV for withdrawals.

4 (6) Stay of uniform standard. - If a compacting state has formally initiated the process of  
5 opting out of a uniform standard by regulation, and while the regulatory opt out is pending, the  
6 compacting state may petition the commission, at least fifteen (15) days before the effective date  
7 of the uniform standard, to stay the effectiveness of the uniform standard in that state. The  
8 commission may grant a stay if it determines the regulatory opt out is being pursued in a  
9 reasonable manner and there is a likelihood of success. If a stay is granted or extended by the  
10 commission, the stay or extension thereof may postpone the effective date by up to ninety (90)  
11 days, unless affirmatively extended by the commission; provided, a stay may not be permitted to  
12 remain in effect for more than one (1) year unless the compacting state can show extraordinary  
13 circumstances which warrant a continuance of the stay, including, but not limited to, the existence  
14 of a legal challenge which prevents the compacting state from opting out. A stay may be  
15 terminated by the commission upon notice that the rulemaking process has been terminated.

16 (7) Not later than thirty (30) days after a rule or operating procedure is promulgated any  
17 person may file a petition for judicial review of the rule or operating procedure; provided, that the  
18 filing of such a petition shall not stay or otherwise prevent the rule or operating procedure from  
19 becoming effective unless the court finds that the petitioner has a substantial likelihood of  
20 success. The court shall give deference to the actions of the commission consistent with  
21 applicable law and shall not find the rule or operating procedure to be unlawful if the rule or  
22 operating procedure represents a reasonable exercise of the commission's authority.

23 ARTICLE VIII.

24 COMMISSION RECORDS AND ENFORCEMENT

25 (1) The commission shall promulgate rules establishing conditions and procedures for  
26 public inspection and copying of its information and official records, except such information and  
27 records involving the privacy of individuals and insurers' trade secrets. The commission may  
28 promulgate additional rules under which it may make available to federal and state agencies  
29 including law enforcement agencies, records and information otherwise exempt from disclosure  
30 and may enter into agreements with such agencies to receive or exchange information or records  
31 subject to nondisclosure and confidentiality provisions.

32 (2) Except as to privileged records, data and information, the laws of any compacting  
33 state pertaining to confidentiality or nondisclosure shall not relieve any compacting state  
34 commissioner of the duty to disclose any relevant records, data or information to the commission;

1 provided, that disclosure to the commission shall not be deemed to waive or otherwise affect any  
2 confidentiality requirement; and further provided, that, except as otherwise expressly provided in  
3 this act, the commission shall not be subject to the compacting state's laws pertaining to  
4 confidentiality and nondisclosure with respect to records, data and information in its possession.  
5 Confidential information of the commission shall remain confidential after such information is  
6 provided to any commissioner.

7 (3) The commission shall monitor compacting states for compliance with duly adopted  
8 bylaws, rules, including uniform standards, and operating procedures. The commission shall  
9 notify any noncomplying compacting state in writing of its noncompliance with commission  
10 bylaws, rules or operating procedures. If a noncomplying compacting state fails to remedy its  
11 noncompliance within the time specified in the notice of noncompliance, the compacting state  
12 shall be deemed to be in default as set forth in Article XIV.

13 (4) The commissioner of any state in which an insurer is authorized to do business, or is  
14 conducting the business of insurance, shall continue to exercise his or her authority to oversee the  
15 market regulation of the activities of the insurer in accordance with the provisions of the state's  
16 law. The commissioner's enforcement of compliance with the compact is governed by the state  
17 following provisions:

18 (a) With respect to the commissioner's market regulation of a product or advertisement  
19 that is approved or certified to the commission, the content of the product or advertisement shall  
20 not constitute a violation of the provisions, standards or requirements of the compact except upon  
21 a final order of the commission, issued at the request of a commissioner after prior notice to the  
22 insurer and an opportunity for hearing before the commission.

23 (b) Before a commissioner may bring an action for violation of any provision, standard  
24 or requirement of the compact relating to the content of an advertisement not approved or  
25 certified to the commission, the commission, or an authorized commission officer or employee,  
26 must authorize the section. However, authorization pursuant to this paragraph does not require  
27 notice to the insurer, opportunity for hearing or disclosure of requests for authorization or records  
28 of the commission's action on such requests.

29 ARTICLE IX.

30 DISPUTE RESOLUTION

31 The commission shall attempt, upon the request of a member, to resolve any disputes or  
32 other issues that are subject to this compact and which may arise between two (2) or more  
33 compacting states, or between compacting states and noncompacting states, and the commission  
34 shall promulgate an operating procedure providing for resolution of such disputes.

1 ARTICLE X.

2 PRODUCT FILING AND APPROVAL

3 (1) Insurers and third-party filers seeking to have a product approved by the commission  
4 shall file the product with, and pay applicable filing fees to, the commission. Nothing in this act  
5 shall be construed to restrict or otherwise prevent an insurer from filing its product with the  
6 insurance department in any state wherein the insurer is licensed to conduct the business of  
7 insurance, and such filing shall be subject to the laws of the states where filed.

8 (2) The commission shall establish appropriate filing and review processes and  
9 procedures pursuant to commission rules and operating procedures. Notwithstanding any  
10 provision herein to the contrary, the commission shall promulgate rules to establish conditions  
11 and procedures under which the commission will provide public access to product filing  
12 information. In establishing such rules, the commission shall consider the interests of the public  
13 in having access to such information, as well as protection of personal medical and financial  
14 information and trade secrets, that may be contained in a product filing or supporting information.

15 (3) Any product approved by the commission may be sold or otherwise issued in those  
16 compacting states for which the insurer is legally authorized to do business.

17 ARTICLE XI.

18 REVIEW OF COMMISSION DECISIONS REGARDING FILINGS

19 (1) Not later than thirty (30) days after the commission has given notice of a disapproved  
20 product or advertisement filed with the commission, the insurer or third party filer whose filing  
21 was disapproved may appeal the determination to a review panel appointed by the commission.  
22 The commission shall promulgate rules to establish procedures for appointing such review panels  
23 and provide for notice and hearing. An allegation that the commission, in disapproving a product  
24 or advertisement filed with the commission, acted arbitrarily, capriciously, or in a manner that is  
25 an abuse of discretion or otherwise not in accordance with the law, is subject to judicial review in  
26 accordance with Article III, Section 5.

27 (2) The commission shall have authority to monitor review and reconsider products and  
28 advertisement subsequent to their filing or approval upon a finding that the product does not meet  
29 the relevant uniform standard. Where appropriate, the commission may withdraw or modify its  
30 approval after proper notice and hearing, subject to the appeal process in section 1 above.

31 ARTICLE XII.

32 FINANCE

33 (1) The commission shall pay or provide for the payment of the reasonable expenses of  
34 its establishment and organization. To fund the cost of its initial operations, the commission may

1 accept contributions and other forms of funding from the National Association of Insurance  
2 Commissioners, compacting states and other sources. Contributions and other forms of funding  
3 from other sources shall be of such a nature that the independence of the commission concerning  
4 the performance of its duties shall not be compromised.

5 (2) The commission shall collect a filing fee from each insurer and third party filer filing  
6 a product with the commission to cover the cost of the operations and activities of the  
7 commission and its staff in a total amount sufficient to cover the commission's annual budget.

8 (3) The commission's budget for a fiscal year shall not be approved until it has been  
9 subject to notice and comment as set forth in Article VII of this compact.

10 (4) The commission shall be exempt from all taxation in and by the compacting states.

11 (5) The commission shall not pledge the credit of any compacting state, except by and  
12 with the appropriate legal authority of that compacting state.

13 (6) The commission shall keep complete and accurate accounts of all its internal receipts,  
14 including grants and donations, and disbursements of all funds under its control. The internal  
15 financial accounts of the commission shall be subject to the accounting procedures established  
16 under its bylaws. The financial accounts and reports including the system of internal controls and  
17 procedures of the commission shall be audited annually by an independent certified public  
18 accountant. Upon the determination of the commission, but no less frequently than every three (3)  
19 years, the review of the independent auditor shall include a management and performance audit  
20 of the commission. The commission shall make an annual report to the governor and legislature  
21 of the compacting states, which shall include a report of the independent audit. The commission's  
22 internal accounts shall not be confidential and such materials may be shared with the  
23 commissioner of any compacting state upon request; provided, however, that any work papers  
24 related to any internal or independent audit and any information regarding the privacy of  
25 individuals and insurers' proprietary information, including trade secrets, shall remain  
26 confidential.

27 (7) No compacting state shall have any claim to or ownership of any property held by or  
28 vested in the commission or to any commission funds held pursuant to the provisions of this  
29 compact.

### 30 ARTICLE XIII.

#### 31 COMPACTING STATES, EFFECTIVE DATE AND AMENDMENT

32 (1) Any state is eligible to become a compacting state.

33 (2) The compact shall become effective and binding upon legislative enactment of the  
34 compact into law by two compacting states; provided, the commission shall become effective for

1 purposes of adopting uniform standards for, reviewing, and giving approval or disapproval of,  
2 products filed with the commission that satisfy applicable uniform standards only after twenty-six  
3 (26) states are compacting states, or, alternatively, by states representing greater than forty  
4 percent (40%) of the premium volume for life insurance, annuity, disability income and long-term  
5 care insurance products, based on records of the NAIC for the prior year. Thereafter, it shall  
6 become effective and binding as to any other compacting state upon enactment of the compact  
7 into law by that state.

8 (3) Amendments to the compact may be proposed by the commission for enactment by  
9 the compacting states. No amendment shall become effective and binding upon the commission  
10 and the compacting states unless and until all compacting states enact the amendment into law.

11 ARTICLE XIV.

12 WITHDRAWAL, DEFAULT AND TERMINATION

13 (1) Withdrawal;

14 (a) Once effective, the compact shall continue in force and remain binding upon each  
15 and every compacting state; provided, that a compacting state may withdraw from the compact  
16 ("Withdrawing State") by enacting a statute specifically repealing the statute which enacted the  
17 compact into law.

18 (b) The effective date of withdrawal is the effective date of the repealing statute.  
19 However, the withdrawal shall not apply to any product filings approved or self-certified, or any  
20 advertisement of such products, on the date the repealing statute becomes effective, except by  
21 mutual agreement of the commission and the withdrawing state unless the approval is rescinded  
22 by the withdrawing state as provided in subsection (e) of the this section.

23 (c) The commissioner of the withdrawing state shall immediately notify the management  
24 committee in writing upon the introduction of legislation repealing this compact in the  
25 withdrawing state.

26 (d) The commission shall notify the other compacting states of the introduction of such  
27 legislation within ten (10) days after its receipt of notice thereof.

28 (e) The withdrawing state is responsible for all obligations, duties and liabilities incurred  
29 through the effective date of withdrawal, including any obligations, the performance of which  
30 extend beyond the effective date of withdrawal, except to the extent those obligations may have  
31 been released or relinquished by mutual agreement of the commission and the withdrawing state.  
32 The commission's approval of products and advertisement prior to the effect date of withdrawal  
33 shall continue to be effective and be given full force and effect in the withdrawing state, unless  
34 formally rescinded by the withdrawing state in the same manner as provided by the laws of the



1 withdrawing state for the prospective disapproval of products or advertisement previously  
2 approved under state law.

3 (f) Reinstatement following withdrawal of any compacting state shall occur upon the  
4 effective date of the withdrawing state reenacting the compact.

5 (2) Default.

6 (a) If the commission determines that any compacting state has at any time defaulted  
7 ("defaulting state") in the performance of any of its obligations or responsibilities under this  
8 compact, the bylaws or duly promulgated rules or operating procedures, then, after notice and  
9 hearing as set forth in the bylaws, all rights, privileges and benefits conferred by this compact on  
10 the defaulting state shall be suspended from the effective date of default as fixed by the  
11 commission. The grounds for default include, but are not limited to, failure of compacting state to  
12 perform its obligations or responsibilities, and any other grounds designated in commission rules.  
13 The commission shall immediately notify the defaulting state in writing of the defaulting state's  
14 suspension pending a cure of the default. The commission shall stipulate the conditions and the  
15 time period within which the defaulting state must cure its default. If the defaulting state fails to  
16 cure the default within the time period specified by the commission, the defaulting state shall be  
17 terminated from the compact and all rights, privileges and benefits conferred by this compact  
18 shall be terminated from the effective date of termination.

19 (b) Product approvals by the commission or product self-certifications, or any  
20 advertisement in connection with such product, that are in force on the effective date of  
21 termination shall remain in force in the defaulting state in the same manner as if the defaulting  
22 state had withdrawn voluntarily pursuant to paragraph (1) of the article.

23 (c) Reinstatement following termination of any compacting state requires a reenactment  
24 of the compact.

25 (3) Dissolution of compact.

26 (a) The compact dissolves effective upon the date of the withdrawal or default of the  
27 compacting state which reduces membership in the compact to one compacting state.

28 (b) Upon the dissolution of this compact, the compact becomes null and void and shall  
29 be of no further force or effect, and the business and affairs of the commission shall be wound up  
30 and any surplus funds shall be distributed in accordance with the bylaws.

31 ARTICLE XV.

32 SEVERABILITY AND CONSTRUCTION

33 (1) The provisions of this compact shall be severable; and if any phrase, clause, sentence  
34 or provision is deemed unenforceable, the remaining provisions of the compact shall be

1 enforceable.

2 (2) The provisions of this compact shall be liberally construed to effectuate its purposes.

3 ARTICLE XVI.

4 BINDING EFFECT OF COMPACT AND OTHER LAWS

5 (1) Other laws.

6 (a) Nothing herein prevents the enforcement of any other law of a compacting state,  
7 except as provided in paragraph (b) of the article.

8 (b) For any product approved or certified to the commission, the rules, uniform standards  
9 and any other requirements of the commission shall constitute the exclusive provisions applicable  
10 to the content, approval and certification of such products. For advertisement that is subject to the  
11 commission's authority, any rule, uniform standard or other requirement of the commission which  
12 governs the content of the advertisement shall constitute the exclusive provision that a  
13 commissioner may apply to the content of the advertisement. Notwithstanding the foregoing, no  
14 action taken by the commission shall abrogate or restrict: (i) the access of any person to state  
15 courts; (ii) remedies available under state law related to breach of contract, tort, or other laws not  
16 specifically directed to the content of the product; (iii) state law relating to the construction of  
17 insurance contracts; or (iv) the authority of the attorney general of the state, including, but not  
18 limited to, maintaining any actions or proceedings, as authorized by law.

19 (c) All insurance products filed with individual states shall be subject to the laws of those  
20 states.

21 (2) Binding effect on this compact.

22 (a) All lawful actions of the commission, including all rules and operating procedures  
23 promulgated by the commission, are binding upon the compacting states.

24 (b) All agreements between the commission and the compacting states are binding in  
25 accordance with their terms.

26 (c) Upon the request of a party to a conflict over the meaning or interpretation of  
27 commission actions, and upon a majority vote of the compacting states, the commission may  
28 issue advisory opinions regarding the meaning or interpretation in dispute.

29 (d) In the event any provision of this compact exceeds the constitutional limits imposed  
30 on the legislature of any compacting state, the obligations, duties, powers or jurisdiction sought to  
31 be conferred by that provision upon the commission shall be ineffective as to that compacting  
32 state, and those obligations, duties, powers or jurisdiction shall remain in the compacting state  
33 and shall be exercised by the agency thereof to which those obligations, duties, powers or  
34 jurisdiction are delegated by law in effect at the time this compact becomes effective.

1 SECTION 2. Sections 27-4-24 and 27-4-24.1 of the General Laws in Chapter 27-4  
2 entitled "Life Insurance Policies and Reserves" are hereby amended to read as follows:

3 **27-4-24. Filing of life insurance policy forms.** – (a) Any insurance company authorized  
4 to do a life insurance and/or annuities business within this state in accordance with the provisions  
5 of this title shall file all life insurance policy forms and annuity contract forms used by it in the  
6 state with the insurance commissioner. The commissioner may also require any company to file  
7 the forms of any rider, endorsement, application blank, and other matter generally used or  
8 incorporated by reference in its policies or contracts of insurance or annuities. Any organization,  
9 bureau, or association of which the company is a member may, on behalf of the company, make  
10 the filings required by this section. If the commissioner finds from an examination of any form  
11 filed that it is contrary to the public interest, he or she shall forbid the use of the form, and shall  
12 notify the company in writing as provided in section 27-4-24.2.

13 (b) Alternatively, a carrier may obtain authorization to use a life insurance policy form or  
14 annuity contract by obtaining authorization through the Interstate Insurance Product Compact  
15 Commission provided in chapter 27-2.5, provided that:

16 (1) The state of Rhode Island has not "opted out" of the compact with regard to the line in  
17 question, and

18 (2) The appropriate filing fee, as set forth in section 42-14-18 and the regulations  
19 thereunder, has been paid.

20 **27-4-24.1. Waiting period -- Effective date of filings.** – (a) Each filing shall be on file  
21 for a waiting period of thirty (30) days before it becomes effective, which period may be  
22 extended by the commissioner for an additional period not to exceed thirty (30) days if the  
23 commissioner gives written notice within the waiting period to the insurer or organization which  
24 made the filing that he or she needs additional time for the consideration of the filing. Upon  
25 written application by the insurer or organization, the commissioner may authorize a filing that he  
26 or she has reviewed to become effective before the expiration of the waiting period or any  
27 extension. A filing shall be deemed to meet the requirements of this chapter and to become  
28 effective unless disapproved by the commissioner, as provided in this chapter, within the waiting  
29 period or any extension.

30 (b) Section (a) above does not apply to filings made through the Interstate Insurance  
31 Product Commission pursuant to chapter 27-2.5.

32 SECTION 3. Section 42-14-18 of the General Laws in Chapter 42-14 entitled  
33 "Department of Business Regulation" is hereby amended to read as follows:

34 **42-14-18. Form and rate filing fees.** -- The following fees shall be charged for the

1 services of the division of insurance in reviewing policy or certificate forms, as those terms are  
2 defined in section 27-29-2(f), and related forms and rates that are required by law to be submitted  
3 by insurers, as that term is defined in section 27-29-2(e), for review and approval by the director  
4 prior to use:

5 (a) For each policy or certificate form included in a single package, including any related  
6 forms, rates, and other documents submitted in the same package -- forty dollars (\$40.00); and

7 (b) For related forms or revised rates in connection with a policy that has been  
8 previously approved, submitted in a single package, charged based upon the number of policies  
9 involved -- twenty-five dollars (\$25.00).

10 (c) Fees shall be submitted with each filing and shall be deposited as general revenue.  
11 These fees shall be in addition to any taxes and fees otherwise payable to the state.

12 (d) Before any form approved pursuant to chapter 27-2.5 may be used in the state of  
13 Rhode Island, the fees specified in this section must be paid.

14 SECTION 4. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T  
RELATING TO THE INTERSTATE COMPACT ON INSURANCE PRODUCT  
REGULATION

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1           This act would add a preamble to the "Interstate Compact on Insurance Product  
2 Regulation" enabling Rhode Island to become a member of the Interstate Insurance Product  
3 Regulation Commission and designating the Rhode Island Insurance Commissioner as the state  
4 representative to the commission. This act would also require carriers to pay required fees before  
5 using approved forms.

6           This act would take effect upon passage.

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