



EXHIBIT 1
DATE 1-21-05
HB 149

Interstate Insurance Product Regulation Compact

HB 149

Section 1 of House Bill 149 - Adopts the compact:

Art. I Purposes of the Compact are very general it:

- creates the Interstate Insurance Product Regulation Commission (one representative from each compacting state).
- to promote and protect consumer interests.
- develop uniform standards for insurance products covered by the Compact, i.e., Individual and group annuity, life insurance, disability income and long term care insurance.
- establish a central clearinghouse to receive, review, and approve insurance products and certain advertisements for use in compacting states.
- improve coordination of regulatory approval.

Art. III (2) The commission is an instrumentality of the compacting states.

Art. IX Commission created under Compact:

- provides dispute resolution among compacting states (and between compacting and non-compacting states).

Art. X Products, applications, advertising, etc. would be filed with and approved by Commission for use in all compacting states.

Art. IV and Art. VII Commission promulgates rules, including uniform standards, which have the force and effect of law in the compacting states

- compacting state can opt out from a uniform standard but must make specific findings of fact and conclusions of law (based on a preponderance of evidence) detailing the conditions that warrant departure from the uniform standard; must also find that the needs of the state's citizens outweigh

- (i) the intent of the legislature to participate in and the benefits of the Compact to establish uniform consumer protections, and
- (ii) the reasonableness of the uniform standard.

A state must petition for a stay from effect of Uniform Standard while completing legislation or rules to opt out.

Art. VIII Commission monitors compacting states for compliance with Compact and can find a compacting state to be in default.

Art. XIV If default not cured within time set by Commission, defaulting state terminated from the Commission.

Art. VIII Commission has to authorize compacting state commissioner to bring action against insurer for any activity governed by the Compact.

Art. XII Commission collects filing fees from insurers (for the Commission to operate); Commission not taxed in any compacting state.

Art. XIV Compacting state must enact legislation repealing compact statute in order to withdraw from Commission; products previously approved (while state was a compacting state) remain in effect.

Section 2 of House Bill 149

Designates the State Auditor and Commissioner of Insurance and Securities, or a designee, as the Compact Commissioner.

Section 3 of House Bill 149

Implements waiver. Article XVI,(2)(d) of the Compact allows state waiver of a part of the compact if that part violates the state's constitution. Montana's Constitution requires that information of a state instrumentality be made public unless the demands of individual privacy clearly outweigh the public right to know. Article VIII, subsection (2)¹, does not apply to information provided to or by this state under the compact.

Section 4 of House bill 149.

Rule making authority. The State Auditor and Commissioner of Insurance may adopt rules to:

- (1) implement the rules and operating procedures adopted by the commission;
- (2) opt out of any uniform standard;
- (3) petition for a stay of the effectiveness of a uniform standard; and
- (4) bring an action for violation of any provision, or standard.

Section 5 of House Bill 149. Compact to be codified in Title 33 (insurance code).

Section 6 of House Bill 149. Two-thirds vote required to adopt this compact in Montana. It limits governmental liability and Article II, section 18, of our constitution requires a 2/3 vote of the members of each house.

Section 7 of House Bill 149. Effective on passage and approval.

(2) Except as to privileged records, data, and information, the laws of any compacting state pertaining to confidentiality or nondisclosure may not relieve any compacting state commissioner of the duty to disclose any relevant records, data, or information to the commission, provided that disclosure to the commission may not be considered to waive or otherwise affect any confidentiality requirement, and provided further that, except as otherwise expressly provided in this compact, the commission may not be subject to the compacting state's laws pertaining to confidentiality and nondisclosure with respect to records, data, and information in its possession. Confidential information of the commission must remain confidential after the information is provided to any commissioner.

