



**STATEMENT RE:**

**Raised Bill No. 164**

*“An Act to adopt the National Association of Insurance Commissioners' Interstate Insurance Product Regulation Compact.”*

**TO:**

Committee on Insurance and Real Estate

**BY:**

Professional Insurance Agents of Connecticut

**DATE:**

March 3, 2008

**PROFESSIONAL  
INSURANCE  
AGENTS**

The Professional Insurance Agents of Connecticut, Inc. (PIACT), an association representing more than 500 member independent insurance agents who employ over 3,500 people throughout the state, urges this committee to support Raised Bill No. 164 because it would allow states to cooperate on multi-state or national issues while retaining state control.

An interstate compact is a contract between states that allows states to cooperate on multi-state or national issues while retaining state control. Interstate compacts are specifically mentioned in the U.S. Constitution. Although historically used to address border disputes and water rights, the use of interstate compacts has expanded significantly in recent decades to cover tax issues, drivers' licensing and vehicle registration, environmental issues, emergency management and other issues. Over 200 interstate compacts currently exist, and on average every state belongs to at least 25 compacts.

The Interstate Insurance Product Regulation Compact which to date has been adopted by 30 Member States representing half of the premium volume nationwide, created the Interstate Insurance Product Regulation Commission (IIPRC) - a public entity treated as an instrumentality of the Compacting Member States. The IIPRC provides the States with a vehicle to (1) develop uniform national product standards that will afford a high level of protection to consumers of life insurance, annuities, disability income and long-term care insurance products; (2) establish a central point of filing for these insurance products; and (3) thoroughly review product filings and make regulatory decisions according to the uniform product standards.

The Compact is a pro-active speed-to-market initiative implemented by its Member States to provide for increased and cost-effective insurance choices in support of a competitive and modern financial marketplace. Moreover, the standards and operations of the IIPRC uphold strong consumer protections as the hallmark of state-based regulation and membership in the IPRC allows state insurance departments to efficiently re-allocate department resources originally utilized for product review towards other regulatory operations, including a focus on important market conduct.

Importantly, member States may opt-out of a uniform product standard if it does not meet the needs of the state.

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A state legislature must enact the Compact Model Statute through legislation in order for a state to join the IIPRC. Under the Compact law, the IIPRC created a Legislative Committee comprised of eight (8) Member State legislators appointed by NCSL and NCOIL which works as an active partner to monitor the operations of the IIPRC and make recommendations. The IIPRC is also required to give notice to all Member State legislatures before any product standards can be adopted; and file an annual report with the governors and legislatures of its Member States. Additionally, state legislatures may opt-out of a uniform standard for any product line at any time through legislation.

The adoption of the Interstate Insurance Product Regulation Compact will allow states to continue to work together to protect U.S. insurance consumers and support state-based insurance regulation.