



SENATE BILL No. 1112

April 26 1994, Introduced by Senators WARTNER, WELBORN
and HOLMES and referred to the Committee on Commerce

A bill entering into the interstate insurance regulation
compact and for related purposes

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Sec 1 The interstate insurance regulation compact is
2 enacted into law and entered into with all other jurisdictions
3 legally joining in the compact, in the form substantially as
4 follows

INTERSTATE INSURANCE REGULATION COMPACT

ARTICLE I PURPOSES

7 The purposes of this Compact are, through joint and coopera-
8 tive action among the Compacting States

9 1 To strengthen regulation of insurance by the several
10 states and territories of the United States of America -

11 2 To provide an alternative, optional program of insurance
12 regulation which facilitates regulation of multi-state operations

1 of insurers that choose to meet the standards required for
2 participation in the optional program and that are, and continue
3 to be, organized, domiciled and authorized to transact insurance
4 by a Compacting State

5 ARTICLE II DEFINITIONS

6 1 "Commissioner" means the chief insurance regulatory offi-
7 cial of a Compacting State

8 2 "Insurer domiciled in a Compacting State" means an
9 insurer organized, domiciled and authorized to transact insurance
10 by a Compacting State

11 ARTICLE III ESTABLISHMENT OF THE COMMISSION AND VENUE

12 1 The Compacting States hereby create and establish an
13 entity known as the "Interstate Insurance Regulatory
14 Commission"

15 2 The Commission is a body corporate of each Compacting
16 State

17 3 The Commission is a not-for-profit entity, separate and
18 distinct from the Compacting States

19 4 The Commission is solely responsible for its
20 liabilities

21 5 Compacting States are not responsible for any liability
22 attributed to the Commission except as otherwise provided in this
23 Compact

24 6 Except as otherwise specifically provided in the laws of
25 the United States of America or of Compacting States or where
26 the Commission is acting as Receiver, venue is proper and
27 judicial proceedings by or against the Commission shall be

1 brought in a court of competent jurisdiction where the
2 Commission's principal office is located

3 7 The provisions of this Compact shall be severable, and if
4 any phrase, clause, sentence or provision(s) are deemed to be
5 unenforceable, the remaining provisions of the Compact shall be
6 enforceable

7 8 The provisions of this Compact shall be liberally con-
8 strued to effectuate its purposes

9 9 All Compacting States' laws that conflict with this
10 Compact are superseded to the extent of the conflict

11 ARTICLE IV POWERS OF THE COMMISSION

12 The Commission shall have the following powers and
13 obligations

14 1 To authorize insurers domiciled in a Compacting State to
15 transact insurance in all Compacting States

16 2 To provided for the organization and operation of guar-
17 anty funds to provide guaranty protection for all or part of the
18 obligations of insurers authorized to transact insurance by the
19 Commission under insurance policies issued in Compacting States

20 3 To exempt insurers authorized to transact insurance by
21 the Commission from participation in, coverage by and obliga-
22 tions to guaranty funds of Compacting States

23 4 In regard to insurers authorized to transact insurance by
24 the Commission

25 a to limit, suspend, or terminate the authorization
26 given by the Commission to transact insurance in
27 Compacting States

1 b to liquidate rehabilitate, or take control of
2 insurers

3 c to act as receiver

4 5 To exempt insurers authorized to transact insurance by
5 the Commission from all or part of the insurance regulation by
6 the Compacting States, and to substitute regulation by the
7 Commission in any area exempted by the Commission from regulation
8 by Compacting States

9 6 To levy assessments on insurers authorized to transact
10 insurance by the Commission for claims and expenses incurred by
11 guaranty funds of the Commission

12 7 To charge the expenses of administration of a receiver-
13 ship conducted by the Commission to the estate of that
14 receivership

15 8 To levy assessments on insurers authorized to transact
16 insurance by the Commission for the expenses of regulation of
17 those insurers but not to exceed 1/10 of 1 percent of the direct
18 premiums written by any insurer in any year in Compacting
19 States

20 Such assessments shall be allowed by Compacting States
21 as a credit against the taxes, fees and assessments levied by
22 Compacting States on the same insurer for the same year

23 9 To have all the powers and obligations given to a corpo-
24 ration by the nonprofit corporation act, Act No 162 of the
25 Public Acts of 1982, being sections 450 2101 to 450 3192 of the
26 Michigan Compiled Laws, except to the extent they are
27 inconsistent with this Compact

1 10 To prescribe rules and operating procedures pursuant to
2 this Compact which shall be binding in the Compacting States

3 11 To issue subpoenas requiring the attendance and testi-
4 mony of witnesses and the production of evidence

5 12 To exempt information and records from disclosure pursu-
6 ant to the freedom of information laws of the United States of
7 America applicable to the freedom of information act Act No 442
8 of the Public Acts of 1976, being sections 15 231 to 15 246 of
9 the Michigan Compiled Laws All other records shall be available
10 to the public on a reasonable basis

11 13 To conduct closed meetings pursuant to the laws of the
12 United States of America applicable to the open meetings act, Act
13 No 267 of the Public Acts of 1976, being sections 15 261 to
14 15 275 of the Michigan Compiled Laws All other meetings of the
15 Commission shall be open to the public on a reasonable basis

16 14 To be exempt from all taxation in and by the Compacting
17 States

18 ARTICLE V RESERVATION OF POWERS OF THE COMMISSION

19 The Commission shall not have the following powers

20 1 To provide for the organization, incorporation domesti-
21 cation, or redomestication of insurers

22 2 To oversee, set standards for, or regulate Compacting
23 States, guaranty funds of Compacting States receiverships of
24 Compacting States, insurers that are not authorized to transact
25 insurance by the Commission, agents of insurers that are not
26 authorized to transact insurance by the Commission, rates and

1 coverage and forms of insurers that are not authorized to
2 transact insurance by the Commission

3 3 To tax or levy fees or assessments on any insurer or to
4 exempt any insurer from taxation, fees or assessment by
5 Compacting States, except as specifically authorized by this
6 Compact

7 4 To levy any tax, fee, assessment or charge on any
8 Compacting State

9 ARTICLE VI ORGANIZATION AND ACTS OF THE COMMISSION

10 1 Each Compacting State shall be represented by its elected
11 or appointed Commissioner, or the Commissioner's designee

12 2 The Commissioners, designees of Commissioners, officers
13 and employees of the Commission shall be immune from suit and
14 liability, either personally or in their official capacity, for
15 any claim for damage to or loss of property or personal injury or
16 other civil liability arising out of any actual or alleged act,
17 error or omission that occurred, or that the defendant had a rea-
18 sonable basis for believing occurred, within the scope of
19 Commission employment or duties, or responsibilities providing
20 however, that nothing in this paragraph shall be construed to
21 protect any such person from suit and/or liability for any
22 damage, loss, injury or liability caused by the intentional or
23 willful and wanton misconduct of any such person

24 3 The Commission shall defend any Commissioner of a
25 Compacting State or his or her representatives or employees, or
26 the Commission's representatives or employees in any civil
27 action or any counterclaim seeking to impose liability, arising

1 out of any actual or alleged act, error or omission that
2 occurred, or that the defendant had a reasonable basis for
3 believing occurred, within the scope of Commission employment,
4 duties or responsibilities

5 4 The Commission shall indemnify and hold the Commissioner
6 of a Compacting State, or his or her representatives or employ-
7 ees, or the Commission's representatives or employees, harmless,
8 in the amount of any settlement or judgment obtained against such
9 persons arising out of any actual or alleged act, error or omis-
10 sion that occurred, or that the defendant had a reasonable basis
11 for believing occurred, within the scope of Commission employment
12 or duties

13 5 Unless a greater percentage is required by the bylaws of
14 the Commission, in order to constitute an act of the Commission,
15 such act shall have been taken at a meeting of the Commission and
16 shall have received an affirmative vote of Compacting States who
17 represent both a majority of the number of Compacting States and
18 a majority of the direct premiums written in Compacting States by
19 all insurers authorized to transact insurance by the Commission
20 or by the Compacting State

21 ARTICLE VII COMPACTING STATES, EFFECTIVE DATE AND AMENDMENT

22 1 Any state, district, or territory of the United States of
23 America is eligible to become a Compacting State

24 2 The government of any nation or subdivision thereof,
25 other than the United States of America, may, with the consent of
26 the Commission, and, if necessary, with the consent of the

1 Congress of the United States of America become a Compacting
2 State

3 3 The Compact shall become effective and binding upon
4 enactment of the Compact into law by two Compacting States
5 Thereafter, it shall become effective and binding as to any other
6 Compacting State upon enactment of the Compact into law by that
7 state

8 4 Amendments to the Compact may be proposed by the
9 Commission for enactment by the Compacting States No amendment
10 shall become effective and binding upon the Commission and the
11 Compacting States unless and until it is enacted into law by
12 three quarters of the Compacting States

13 ARTICLE VIII WITHDRAWAL

14 1 A Compacting State may withdraw from the Compact and
15 cease to be a Compacting State by enacting a statute specifically
16 repealing the statute by which it enacted the Compact into law

17 2 The effective date of withdrawal is the effective date of
18 the repeal However, the repeal shall not apply to any receiver-
19 ships in effect at the time of repeal except by mutual agreement
20 of the Commission and the withdrawing state The repeal shall
21 apply to any unpaid obligations of a Commission guaranty fund in
22 the withdrawing state except by mutual agreement of the
23 Commission and the withdrawing state