

1           **TITLE V—LIFE INSURANCE**

2   **SECTION 500. SENSE OF CONGRESS ON REQUIRED UNI-**  
3           **FORMITY.**

4           The Congress intends that—

5                 (1) the States enter into an interstate compact  
6           authorized under this title to establish, coordinate,  
7           and maintain a Uniform Multistate Filing System  
8           that—

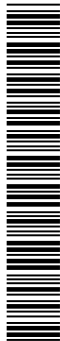
9                     (A) includes—

10                             (i) a single point of filing, review, and  
11                             approval for life insurance policy forms;  
12                             and

13                             (ii) updated uniform laws and regula-  
14                             tions governing the filing, content, and  
15                             regulation of policy forms for life insur-  
16                             ance;

17                     (B) creates a more efficient and effective  
18           product review to bring products to consumers  
19           more quickly;

20                     (C) provides for publication of interpreta-  
21           tions of the new laws and regulations and a  
22           process to quickly resolve conflicting interpreta-  
23           tions among the States;



1 (D) ensures full participation in the inter-  
2 state compact with enforced deadlines and with-  
3 out deviations;

4 (E) establishes uniform national standards;  
5 and

6 (F) provides a streamlined forms review  
7 process for sophisticated purchasers, the defini-  
8 tion of which should be adopted nationwide;

9 (2) Federal approval be given to the States'  
10 interstate compact for review of life insurance fil-  
11 ings;

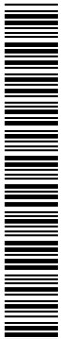
12 (3) to increase transparency, product review  
13 standards be clearly published as statutes, rules, or  
14 regulations; and

15 (4) the State and Federal regulators with au-  
16 thority over hybrid and securities products coordi-  
17 nate their efforts to avoid duplication.

18 **SEC. 501. PROMOTION OF UNIFORM MULTISTATE FILING**

19 **SYSTEM.**

20 (a) **REQUIREMENT FOR UNIFORM MULTISTATE FIL-**  
21 **ING SYSTEM.**—The Congress intends that each State  
22 adopt an interstate compact authorized under this title  
23 that provides for insurance product regulation that estab-  
24 lishes a multistate filing system in order to update laws



1 and regulations governing filing, content, and regulation  
2 of policy forms for life insurance.

3 (b) UPDATED LAWS AND REGULATIONS.—With re-  
4 spect to the regulation of a life insurance policy, a State  
5 shall be considered to have updated laws and regulations  
6 governing filing, content, and regulation of policy forms  
7 if it has in effect laws and regulations materially identical  
8 to the Uniform Multistate Filing System.

9 (c) PREEMPTION OF STATE FILING LAW AND APPLI-  
10 CABILITY OF FILE AND USE PROVISIONS.—For any State  
11 that does not have in effect, upon the expiration of the  
12 3-year period beginning on the date of the enactment of  
13 this Act, updated laws and regulations as provided in sub-  
14 section (b)—

15 (1) subsection (d) shall apply with respect to  
16 the State;

17 (2) all laws, regulations, provisions, or other ac-  
18 tions of the State that regulate or limit the filing,  
19 content, and regulation of policy forms for life insur-  
20 ance and are inconsistent with subsection (d) are  
21 preempted to the extent that they relate to life in-  
22 surance policy forms filed under the authority of  
23 subsection (d); and

24 (3) the State may only regulate or limit the fil-  
25 ing of policy forms for life insurance in accordance



1 with the provisions of subsection (d) or laws or regu-  
2 lations of the State that are materially identical to  
3 subsection (d).

4 (d) FILE AND USE FOR STATES NOT USING UNI-  
5 FORM MULTISTATE FILING SYSTEM.—

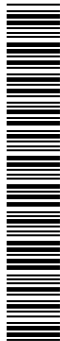
6 (1) IN GENERAL.—For a State described in  
7 subsection (c), with respect to any life insurance poli-  
8 cy form that has previously been approved in ac-  
9 cordance with paragraph (2) and is identified by the  
10 insurer as having been previously approved in ac-  
11 cordance with paragraph (2)—

12 (A) the filing of such a policy form shall  
13 be effective on a file-and-use basis; and

14 (B) disapproval of such a policy form shall  
15 be effective no earlier than the date on which  
16 such disapproval is provided to the insurer by  
17 the State.

18 (2) PREVIOUS APPROVAL BY ANOTHER QUALI-  
19 FYING STATE.—

20 (A) IN GENERAL.—Approval of a life in-  
21 surance policy form in accordance with this  
22 paragraph is approval of the policy form by a  
23 State that has in effect, at the time of such ap-  
24 proval, updated laws and regulations as pro-  
25 vided in subsection (b).



1 (B) EXCEPTION.—If no State that an in-  
2 surer seeks approval for life insurance policies  
3 from on a continuing basis has updated laws  
4 and regulations as set forth in subsection (b),  
5 then approval of a life insurance policy form in  
6 accordance with this paragraph is approval of  
7 the policy form by two of the following States:

8 (i) The State of domicile of the in-  
9 surer providing the life insurance product.

10 (ii) One of the three States having the  
11 highest premium volume written by the in-  
12 surer providing such product during the  
13 most recently completed calendar year for  
14 which such information is available.

15 (3) HIGHEST PREMIUM VOLUME; APPROVAL.—  
16 For purposes of paragraph (2)—

17 (A) the calculation of highest premium vol-  
18 ume shall be based on the premium volume  
19 written by the insurer for all life insurance as  
20 defined in this title; and

21 (B) the term “approval” means prior ap-  
22 proval, file and use, or such other procedure  
23 that is required by the State before a life insur-  
24 ance policy form may be issued in that State.



1 (e) UNIFORM MULTISTATE FILING SYSTEM.—For  
2 purposes of this subsection, the term “Uniform Multistate  
3 Filing System” means a system or systems for review and  
4 approval or disapproval by a State of any specific life in-  
5 surance policy form that—

6 (1) is established by an interstate compact au-  
7 thorized under this title;

8 (2) as of two years after the date of enactment  
9 of this Act is adopted in a materially identical form  
10 by a majority of the States;

11 (3) establishes a single point for electronic fil-  
12 ing of such policy forms;

13 (4) uses uniform national standards for such  
14 review and approval or disapproval;

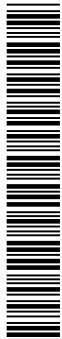
15 (5) provides for publication of applicable policy  
16 form requirements or interpretations;

17 (6) determines whether such a policy form com-  
18 plies with appropriate requirements;

19 (7) requires such determination to be  
20 completed—

21 (A) for new or substantially new product  
22 filings, within 60 days of filing; and

23 (B) for non-complex filings, within 30 days  
24 of filing;



1 (8) allows file-and-use for such policy forms  
2 that are sold to sophisticated purchasers and for  
3 such other types of policy forms designated by a  
4 Uniform Multistate Filing System; and

5 (9) provides that an insurer shall not be limited  
6 to filing life insurance policy forms in a State solely  
7 through a Uniform Multistate Filing System.

8 **SEC. 502. CONSENT TO INTERSTATE COMPACT.**

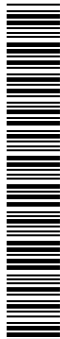
9 (a) CONSENT.—The consent of the Congress is here-  
10 by given to the States to enter into the interstate compact  
11 described in subsection (b). Such consent shall apply with  
12 respect to any approval by a State of such compact made  
13 before the effective date of this Act.

14 (b) COMPACT.—The interstate compact described in  
15 this subsection is the model interstate compact on insur-  
16 ance product regulation developed by the NAIC, estab-  
17 lishing a Uniform Multistate Filing System.

18 (c) CONDITIONS OF CONSENT.—The consent of the  
19 Congress under subsection (a)—

20 (1) shall become effective on the enactment of  
21 this Act; and

22 (2) is given to the interstate compact in the  
23 form described in subsection (b) as revised, altered,  
24 or amended only to the extent that the interstate



1 compact as so revised, altered, or amended complies  
2 with the provisions of this title.

3 **SEC. 503. DISAPPROVALS IN WRITING.**

4 A State may disapprove a life insurance product only  
5 if the disapproval—

6 (1) is clearly stated in writing;

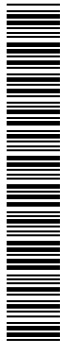
7 (2) is based on specific standards published in  
8 statute, rule, or regulation; and

9 (3) if based on an interpretation of a statute or  
10 regulatory provision, is based on a majority interpre-  
11 tation.

12 For purposes of this paragraph, the term “majority inter-  
13 pretation” means materially identical or substantially  
14 similar interpretation by majority of States with interpre-  
15 tations of a materially identical or substantially similar  
16 provision of a statute or regulation, provided there are at  
17 least ten States with interpretations of the provision.

18 **SEC. 504. RECOMMENDATIONS REGARDING DUPLICATIVE**  
19 **REGULATION.**

20 (a) **REQUIRED REPORT.**—The Chairman of the Secu-  
21 rities and Exchange Commission, together with the NAIC  
22 and the North American Securities Administrators Asso-  
23 ciation (NASAA), shall submit a report to the Congress  
24 not later than 2 years after the date of the enactment of



1 this Act making recommendations for actions or legisla-  
2 tions appropriate—

3 (1) to provide for coordination of the regulation  
4 of life insurance products that are subject to securi-  
5 ties regulation; and

6 (2) to eliminate duplicative regulation of life in-  
7 surance products.

8 (b) FAILURE TO REPORT.—If any of the entities de-  
9 scribed in subsection (a) fail to submit a report to the  
10 Congress as required, the Partnership shall provide such  
11 report within a reasonable time after the end of the 2-  
12 year period referred to in subsection (a).

13 **SEC. 505. DEFINITIONS.**

14 For purposes of this title, the following definitions  
15 shall apply:

16 (1) LIFE INSURANCE.—The term “life insur-  
17 ance” means any product, including individual and  
18 group life insurance, funding agreements, annuities,  
19 long-term care insurance, and disability income in-  
20 surance, that—

21 (A) is—

22 (i) regulated as insurance as of Janu-  
23 ary 1, 1999, in accordance with the rel-  
24 evant State insurance law, in the State in  
25 which the product is provided, or



1 (ii) first offered after January 1,  
2 1999, which a State insurance commis-  
3 sioner determines shall be regulated as in-  
4 surance in the State in which the product  
5 is provided

6 (B) insures, guarantees, or indemnifies  
7 against loss of life, or loss of health; and

8 (C) is not medical indemnity health insur-  
9 ance or property and casualty insurance.

10 (2) FILE AND USE.—The term “file-and-use”  
11 means, with respect to issuance of a life insurance  
12 policy form, that—

13 (A) the only conditions precedent to the  
14 policy form being issued are—

15 (i) filing of policy form and related in-  
16 formation and rates for such policy forms,  
17 if required by State law, with the State in-  
18 surance commissioner; and

19 (ii) self-certification with respect to  
20 such filing as required by the state insur-  
21 ance commissioner of an insurer; and

22 (B) no other action (including prior ap-  
23 proval by the State insurance regulator for such  
24 State) is necessary for such issuance.



1 Such term includes laws that provide that rates and  
2 policies for such insurance coverage are, upon such  
3 filing, subject to subsequent review and action,  
4 which may include actions to disapprove or dis-  
5 continue use of such rates or policies, by the State  
6 insurance commissioner.

7 (3) HOLDING COMPANY.—The term “holding  
8 company” means [————].

9 (4) NONPROFIT ORGANIZATION.—The term  
10 “nonprofit organization” means [————].

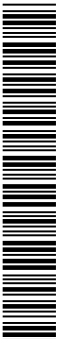
11 (5) POLICY FORMS.—The term “policy forms”  
12 means [————].

13 (6) SOPHISTICATED PURCHASER.—The term  
14 “sophisticated purchaser” means an “accredited in-  
15 vestor” (as such term is defined in section  
16 230.501(a) of Volume 17 of the Code of Federal  
17 Regulations, or any entity that meets any two of the  
18 following criteria:

19 (A) The entity has a net worth of more  
20 than \$50,000,000.

21 (B) The entity has net revenues or sales of  
22 more than \$100,000,000 during its most recent  
23 accounting year for which audited statements  
24 are available.

25 (C) The entity—



1 (i) has more than 500 full-time em-  
2 ployees or the equivalent thereof; or

3 (ii) in the case of an entity that is a  
4 holding company, has more than 1,000  
5 full-time employees or the equivalent there-  
6 of.

7 (D) The entity procures its life insurance  
8 through the use of a risk manager employed or  
9 retained by the entity.

10 (E) The entity pays annually aggregate in-  
11 surance premiums of more than \$500,000.

12 (F) The entity is—

13 (i) a nonprofit organization; or

14 (ii) a public entity that has an annual  
15 operating budget or assets of not less than  
16 \$45,000,000.

17 (G) The entity is a municipality with a  
18 population of more than 50,000.

