§2478. Rules and operating procedures, rule-making functions of the commission and opting out of uniform standards -- Article 7

1. Rule-making authority. The commission shall promulgate reasonable rules, including uniform standards and operating procedures, in order to effectively and efficiently achieve the purposes of this compact. Notwithstanding this subsection, in the event the commission exercises its rule-making authority in a manner that is beyond the scope of the purposes of this chapter or the powers granted under this chapter, then such an action by the commission is invalid and has no effect.
[PL 2003, c. 680, §1 (NEW).]

2. Rule-making procedure. Rules and operating procedures must be made pursuant to a rule-making process that conforms to the Model State Administrative Procedure Act of 1981 as amended, as may be appropriate to the operations of the commission. Before the commission adopts a uniform standard, the commission shall give written notice to the relevant state legislative committee in each compacting state responsible for insurance issues of its intention to adopt the uniform standard. The commission in adopting a uniform standard shall consider fully all submitted materials and issue a concise explanation of its decision.
[PL 2003, c. 680, §1 (NEW).]

3. Effective date and opting out of uniform standard. A uniform standard becomes effective 90 days after its promulgation by the commission or such later date as the commission may determine. A compacting state may opt out of a uniform standard as provided in subsection 4. "Opt out" means any action by a compacting state to decline to adopt or participate in a promulgated uniform standard. All other rules and operating procedures, and amendments thereto, become effective as of the date specified in each rule, operating procedure or amendment.
[PL 2003, c. 680, §1 (NEW).]

4. Procedure for opting out. A compacting state may opt out of a uniform standard either by legislation or regulation duly promulgated by the insurance department under the compacting state's administrative procedure act. If a compacting state elects to opt out of a uniform standard by regulation, it must give written notice to the commission no later than 10 business days after the uniform standard is promulgated, or at the time the state becomes a compacting state, and must find that the uniform standard does not provide reasonable protections to the citizens of the state, given the conditions in the state. The commissioner shall make specific findings of fact and conclusions of law, based on a preponderance of the evidence, detailing the conditions in the state that warrant a departure from the uniform standard and determining that the uniform standard would not reasonably protect the citizens of the state. The commissioner must consider and balance the following factors and find that the conditions in the state and needs of the citizens of the state outweigh:

A. The intent of the legislature to participate in, and the benefits of, an interstate agreement to establish national uniform consumer protections for the products subject to this chapter; and [PL 2003, c. 680, §1 (NEW).]

B. The presumption that a uniform standard adopted by the commission provides reasonable protections to consumers of the relevant product. [PL 2003, c. 680, §1 (NEW).]

Notwithstanding this subsection, a compacting state may at the time of its enactment of this compact, prospectively opt out of all uniform standards involving long-term care insurance products by expressly providing for such an option in the enacted compact, and opting out may not be treated as a material variance in the offer or acceptance of any state to participate in this compact. Opting out is effective at the time of enactment of this compact by the compacting state and applies to all existing uniform standards involving long-term care insurance products and those subsequently promulgated.
[PL 2003, c. 680, §1 (NEW).]

5. Effect of opting out. If a compacting state elects to opt out of a uniform standard, the uniform standard remains applicable in the compacting state electing to opt out until such time as the legislation opting out is enacted into law or the regulation opting out becomes effective.

Once the opting out of a uniform standard by a compacting state becomes effective as provided under the laws of that state, the uniform standard has no further force and effect in that state unless and until the legislation or regulation implementing the opting out is repealed or otherwise becomes ineffective under the laws of the state. If a compacting state opts out of a uniform standard after the uniform standard has been made effective in that state, the opting out has the same prospective effect as provided under section 2485 for withdrawals.
[PL 2003, c. 680, §1 (NEW).]

6. Stay of uniform standard. If a compacting state has formally initiated the process of opting out of a uniform standard by regulation, and while the regulatory opting out is pending, the compacting state may petition the commission, at least 15 days before the effective date of the uniform standard, to stay the effectiveness of the uniform standard in that state. The commission may grant a stay if it determines the regulatory opting out is being pursued in a reasonable manner and there is a likelihood of success. If a stay is granted or extended by the commission, the stay or extension may postpone the effective date by up to 90 days, unless the stay is affirmatively extended by the commission. A stay may not be permitted to remain in effect for more than one year unless the compacting state can show extraordinary circumstances that warrant a continuance of the stay, including, but not limited to, the existence of a legal challenge that prevents the compacting state from opting out. A stay may be terminated by the commission upon notice that the rule-making process has been terminated.
[PL 2003, c. 680, §1 (NEW).]

7. Petition for judicial review of rule or operating procedure. Not later than 30 days after a rule or operating procedure is promulgated, any person may file a petition for judicial review of the rule or operating procedure. The filing of such a petition does not stay or otherwise prevent the rule or operating procedure from becoming effective unless the court finds that the petitioner has a substantial likelihood of success. The court shall give deference to the actions of the commission consistent with applicable law and may not find the rule or operating procedure to be unlawful if the rule or operating procedure represents a reasonable exercise of the commission's authority.
[PL 2003, c. 680, §1 (NEW).]

SECTION HISTORY

PL 2003, c. 680, §1 (NEW).

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