

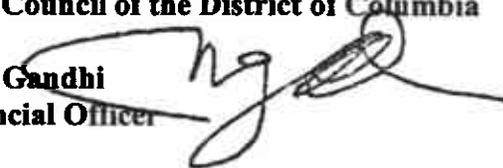
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: AUG - 4 2005

SUBJECT: Fiscal Impact Statement: "Interstate Insurance Product Regulation Compact Act of 2005"

REFERENCE: Draft Legislation – No Bill Number Available

Conclusion

Funds are sufficient in the proposed FY 2006 through FY 2009 budget and financial plan to implement the proposed legislation because no additional staff or resources would be required.

Background

The proposed resolution would authorize the Mayor to execute, on behalf of the District of Columbia, the Interstate Insurance Product Regulation Compact ("Compact"). The Compact would allow States to coordinate regulation of individual and group annuity, life insurance, disability income, and long-term care insurance products through uniform standards established by the Interstate Insurance Product Regulation Commission ("Commission"). The proposed legislation would designate the Commissioner of the Department of Insurance, Securities, and Banking to serve as the District's representative to the Commission.

Financial Plan Impact

Funds are sufficient in the proposed FY 2006 through FY 2009 budget and financial plan to implement the proposed legislation because no additional staff or resources would be required. The Commission would review insurance products covered under the Compact, and their related advertisements, and provide uniform standards for the market and sale of such products. Costs of

the Commission would be funded from filing fees paid by insurers. States can opt-out of uniform product standards by enacting legislation or by regulation.

The Compact would become operational when 26 States or States representing 40 percent of the premium volume for life insurance, annuities, disability income and long-term care insurance join the Compact. Currently, seventeen States have enacted the Compact into law (including neighboring jurisdictions, Maryland and Virginia), and thirteen more are expected to consider the legislation in 2005.