

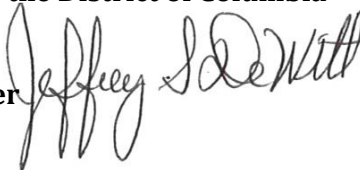
Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: September 24, 2018

SUBJECT: Fiscal Impact Statement – Interstate Insurance Product Regulation Compact Act of 2018

REFERENCE: Bill 22-112, Draft Committee Print as shared with the Office of Revenue Analysis on September 21, 2018

Conclusion

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill.

Background

The bill approves model legislation that allows the District to join the Interstate Insurance Product Regulation Compact (Compact),¹ which operates through the Interstate Insurance Product Regulation Commission (Commission).² The Commission creates uniform standards for insurance products and, upon the filing and payment of fees, provides reviews of insurance products that meet those standards. Commission-approved products can then be sold in the Compact's member jurisdictions, where the insurer is otherwise authorized to do business, without subjecting the insurer to additional product approvals. The Commission can also review and approve advertising related to insurance products that are subject to the uniform standards.

The District's participation in the Compact does not sacrifice its sovereign authority to regulate insurance markets in the District. The Compact allows the District to opt out of any uniform standards by providing notice to the Commission and through the active passage of a law or regulation. The District can withdraw from the Compact if it passes a law that repeals this bill. The bill designates the Commissioner of the Department of Insurance, Securities, and Banking (DISB) as the District's member representative to the Commission.

¹ <https://www.insurancecompact.org/index.htm>

² Each jurisdiction in the Compact has one member on the Commission

The Honorable Phil Mendelson

FIS: Bill 22-112, "Interstate Insurance Product Regulation Compact Act of 2018," Draft Committee Print as shared with the Office of Revenue Analysis on September 21, 2018

Forty-four states and Puerto Rico are all presently members of the Compact.

Financial Plan Impact

Funds are sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The Commission does not charge member jurisdictions to join the Compact, but rather funds its operations through filing fees paid by insurers seeking to have a product approved for sale. There are no costs associated with the District joining the Compact and the DISB Commissioner can serve as the District's representative.