

It's not like the national banks, it's not like the national savings and loans where there is a federal regulator. What we have in the insurance industry are 50 regulators around the country depending on where the company is domiciled. But insurance companies are major players in the economy and when they go down they certainly have impact for policyholders in a wide number of states. So you can have an insurance company go down, have a receivership set up in the state that it is domiciled, that is to say the one that its registered, its home state, if you will, and yet have the interests of policyholders strung all the way across the country in trying to figure out what's going to happen, who is going to get paid, how much of the money is going to get sent out to the policyholders, how much is going to get picked up by guarantee associations and the like. Because there is no federal regulator and because the domiciled state is now responsible for these things, if the domiciliary state takes an attitude of not listening to the other states, not listening to the input of other commissioners, not answering questions, not being forthright or forthcoming with information, you could have your state's policyholders deeply affected by this receivership in another state and yet your insurance commissioner couldn't get answers, couldn't get input, couldn't get listened to and you really wouldn't have any way of helping in manage the receivership. The Interstate Insurance Receivership Compact says if two or more states band together and pass this legislation that is substantially the same, that they then are voluntarily creating a compact and that the first obligation of the compact will be to establish a shared, common, almost nearly identical receivership act in the compact states so that the receiver has to act alike no matter which of the compacting states it is because each of the states in the compact will have essentially exactly the same receivership act. How the receiver is supposed to act, what kind of payments they're supposed to make, what kind of input they're going to get from other states, all of those provisions will be identical for the members of the compact states. With that general outline let me tell you what the few amendments that the committee adopted were. The first was a group of clarifying and technical amendments, changes throughout the compact that were asked of us by the NCOIL Rewriting and the Midwestern Zone Commissioners of the National Association of Insurance Commissioners. The second committee amendment is one that provides that the costs and expenses of the defense and indemnification of the compact commission when acting as the receiver for a company shall be paid as administrative expenses