

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1317

To ensure that sellers and underwriters of insurance are qualified and subject to State consumer protection requirements.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1995

Mr. BLILEY (for himself, Mr. DINGELL, Mr. SOLOMON, Mr. MINETA, Mr. PAXON, Mr. POMEROY, Mr. BURTON of Indiana, Mr. SAXTON, Mr. HAYES, Mr. KINGSTON, Mr. TANNER, Mr. UPTON, Mr. DAVIS, Mr. GILLMOR, Mr. SCHAEFER, Mr. BILBRAY, Mrs. KENNELLY, Mr. MEEHAN, Mr. BASS, and Mr. LEWIS of California) introduced the following bill; which was referred to the Committee on Commerce

APRIL 18, 1995

Additional sponsor: Mr. NEAL of Massachusetts

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## A BILL

To ensure that sellers and underwriters of insurance are qualified and subject to State consumer protection requirements.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Insurance State’s and  
5 Consumer’s Rights Clarification and Fair Competition Act  
6 of 1995”.

1 **SEC. 2. PURPOSE.**

2 The purpose of this Act is to protect consumers and  
3 potential consumers of insurance by ensuring that sellers  
4 and underwriters of insurance in interstate commerce are  
5 professionally qualified to sell and solicit insurance and  
6 underwrite insurance and are subject to the consumer pro-  
7 tection requirements applicable in the State in which the  
8 insurance is sold, solicited, or underwritten.

9 **SEC. 3. PROTECTION OF INSURANCE PURCHASERS.**

10 (a) **IN GENERAL.**—A person may not sell, under-  
11 write, or solicit the purchase of insurance in a State unless  
12 that person qualifies under and complies with all insur-  
13 ance regulatory requirements applicable in the State in  
14 which the sale, underwriting, or solicitation of insurance  
15 takes place, and that person is not prohibited from engag-  
16 ing in such activities under Federal law or by the laws  
17 of that State.

18 (b) **APPLICABLE REQUIREMENTS.**—The require-  
19 ments covered under subsection (a) include—

20 (1) qualifying for and maintaining a license to  
21 sell or solicit the purchase of insurance if such li-  
22 cense is required by the insurance regulatory author-  
23 ity of the State in which the insurance is sold or its  
24 purchase solicited, and

25 (2) complying with all consumer protection re-  
26 quirements, such as those applicable to disclosure,

1 policy form approvals, unfair trade practices, and  
2 product advertising, that apply to the marketing of  
3 insurance in the State in which the insurance is sold  
4 or its purchase solicited.

5 (c) COVERED TRANSACTIONS.—The insurance sales  
6 and solicitations covered by this section include the sales  
7 and solicitations of any insurance sold, solicited, under-  
8 written, or reinsured by an entity that operates in inter-  
9 state commerce or is part of an entity any part of which  
10 operates in interstate commerce.

11 **SEC. 4. PROTECTION OF INSURANCE POLICYHOLDERS.**

12 (a) IN GENERAL.—A person may not underwrite in-  
13 surance in a State unless that person complies with all  
14 insurance regulatory requirements applicable in the State  
15 in which the insurance is underwritten, and that person  
16 is not prohibited from engaging in such activities under  
17 Federal law or by the laws of that State.

18 (b) APPLICABLE REQUIREMENTS.—The require-  
19 ments covered under subsection (a) include—

20 (1) qualifying for and maintaining a license to  
21 underwrite insurance if such license is required by  
22 the insurance regulatory authority of the State in  
23 which the insurance is underwritten;

24 (2) if a license is not required by the insurance  
25 regulatory authority of the State in which the insur-

1       ance is underwritten, otherwise meeting any applica-  
2       ble financial or other requirements imposed by the  
3       State in which the insurance is underwritten; and

4               (3) complying with all consumer protection re-  
5       quirements, such as those applicable to disclosure,  
6       policy form approvals, unfair trade practices, and  
7       product advertising, that apply to underwriting in-  
8       surance in the State in which the insurance is un-  
9       derwritten.

10       (c) COVERED TRANSACTIONS.—The insurance under-  
11      writing covered by this section includes any insurance un-  
12      derwritten or reinsured by an entity that operates in inter-  
13      state commerce or is part of an entity any part of which  
14      operates in interstate commerce.

15      **SEC. 5. SAVINGS CLAUSE.**

16       The provisions of this Act do not alter or affect the  
17      provisions of the Liability Risk Retention Act of 1986 (15  
18      U.S.C. 3901 et seq.).

19      **SEC. 6. DEFINITION OF INSURANCE.**

20       For purposes of this Act, the term “insurance”  
21      means any product defined or regulated as insurance by  
22      the insurance regulatory authority of the State in which  
23      the product is sold, solicited, or underwritten, including  
24      as defined or authorized under State law any annuity con-

1 tract the income on which is tax deferred under section  
2 72 of the Internal Revenue Code of 1986.

3 **SEC. 7. EFFECTIVE DATE.**

4       The requirements of this Act shall take effect 180  
5 days after the date of enactment of this Act.

