

FREQUENTLY THAN EVERY 3 YEARS, THE REVIEW OF THE INDEPENDENT AUDITOR SHALL INCLUDE A MANAGEMENT AND PERFORMANCE AUDIT OF THE COMMISSION. THE COMMISSION SHALL MAKE AN ANNUAL REPORT TO THE GOVERNOR AND LEGISLATURE OF THE COMPACTING STATES, WHICH SHALL INCLUDE A REPORT OF THE INDEPENDENT AUDIT. THE COMMISSION'S INTERNAL ACCOUNTS SHALL NOT BE CONFIDENTIAL AND SUCH MATERIALS MAY BE SHARED WITH THE COMMISSIONER OF ANY COMPACTING STATE ON REQUEST; PROVIDED, HOWEVER, THAT ANY WORK PAPERS RELATED TO ANY INTERNAL OR INDEPENDENT AUDIT AND ANY INFORMATION REGARDING THE PRIVACY OF INDIVIDUALS AND INSURERS' PROPRIETARY INFORMATION, INCLUDING TRADE SECRETS, SHALL REMAIN CONFIDENTIAL.

7. NO COMPACTING STATE SHALL HAVE ANY CLAIM TO OR OWNERSHIP OF ANY PROPERTY HELD BY OR VESTED IN THE COMMISSION OR TO ANY COMMISSION FUNDS HELD PURSUANT TO THE PROVISIONS OF THIS COMPACT.

#### ARTICLE XIII. COMPACTING STATES, EFFECTIVE DATE, AND AMENDMENT.

1. ANY STATE IS ELIGIBLE TO BECOME A COMPACTING STATE.

2. THE COMPACT SHALL BECOME EFFECTIVE AND BINDING ON LEGISLATIVE ENACTMENT OF THE COMPACT INTO LAW BY TWO COMPACTING STATES; PROVIDED, THAT THE COMMISSION SHALL BECOME EFFECTIVE FOR PURPOSES OF ADOPTING UNIFORM STANDARDS FOR, REVIEWING, AND GIVING APPROVAL OR DISAPPROVAL OF, PRODUCTS FILED WITH THE COMMISSION THAT SATISFY APPLICABLE UNIFORM STANDARDS ONLY AFTER 26 STATES ARE COMPACTING STATES; OR, ALTERNATIVELY, BY STATES REPRESENTING GREATER THAN 40 PERCENT OF THE PREMIUM VOLUME FOR LIFE INSURANCE, ANNUITY, DISABILITY INCOME, AND LONG-TERM CARE INSURANCE PRODUCTS, BASED ON RECORDS OF THE NAIC FOR THE PRIOR YEAR. THEREAFTER, IT SHALL BECOME EFFECTIVE AND BINDING AS TO ANY OTHER COMPACTING STATE ON ENACTMENT OF THE COMPACT INTO LAW BY THAT STATE.

3. AMENDMENTS TO THE COMPACT MAY BE PROPOSED BY THE COMMISSION FOR ENACTMENT BY THE COMPACTING STATES. NO AMENDMENT SHALL BECOME EFFECTIVE AND BINDING ON THE COMMISSION AND THE COMPACTING STATES UNLESS AND UNTIL ALL COMPACTING STATES ENACT THE AMENDMENT INTO LAW.

#### ARTICLE XIV. WITHDRAWAL, DEFAULT, AND TERMINATION.

1. WITHDRAWAL.

A. ONCE EFFECTIVE, THE COMPACT SHALL CONTINUE IN FORCE AND REMAIN BINDING ON EACH AND EVERY COMPACTING STATE; PROVIDED, THAT A COMPACTING STATE MAY WITHDRAW FROM THE COMPACT (WITHDRAWING STATE) BY ENACTING A STATUTE SPECIFICALLY REPEALING THE STATUTE WHICH ENACTED THE COMPACT INTO LAW.

B. THE EFFECTIVE DATE OF WITHDRAWAL IS THE EFFECTIVE DATE OF THE REPEALING STATUTE. HOWEVER, THE WITHDRAWAL SHALL NOT APPLY TO ANY PRODUCT FILINGS APPROVED OR SELF-CERTIFIED, OR ANY ADVERTISEMENT OF