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NCOIL, CSG, NCSL SEND SLIMPACT-LITE TO STATES,
URGE PROMPT CONSIDERATION

Washington, DC, January 7, 2011 — Leaders of the National Conference of Insurance Legislators
(NCOIL), The Council of State Governments (CSG), and the National Conference of State
Legislatures (NCSL) today sent a joint letter to state colleagues urging their consideration of a new
Surplus Lines Insurance Multi-State Compliance Compact (known as SLIMPACT-Lite). The
recommendation from the three major groups comprising state lawmakers comes as state houses
across the country begin opening their doors for 2011 legislative sessions.

In the letter, NCOIL President Rep. George Keiser (ND), CSG Chair Rep. Bob Godfrey (CT), and
NCSL Communications, Financial Services and Interstate Commerce Standing Committee Chair
Sen. Delores Kelley (MD) wrote that SLIMPACT-Lite “will ensure that we as states continue to
collect our fair share of surplus lines insurance premium tax revenue in 2011 and beyond.”

“Unlike other existing proposals,” the state leaders continued, “SLIMPACT-Lite has been developed
and vetted over the course of several years and is fully responsive to Dodd-Frank Act provisions.”
SLIMPACT-Lite would authorize a governing commission to establish allocation formulas, uniform
payment methods and reporting requirements, insurer eligibility standards, and a single policyholder
notice to replace the various forms used across the country. To streamline taxation, each state
would create a single tax rate for surplus lines insurance, charge its own rates on multi-state risks,
and choose among uniform payment dates.

To emphasize the pressing nature of reform, Reps. Keiser and Godfrey and Sen. Kelley wrote, “The
states need to act quickly and uniformly as the Dodd-Frank Act’s Nonadmitted and Reinsurance
Reform Act (NRRA), which becomes effective in July 2011, prohibits any state that is not the home
state of an insured from requiring premium tax payment for nonadmitted insurance.” They further
cautions that:

NRRA provisions would also supersede your state’s eligibility/solvency
requirements—reverting to a few minimal protections—unless new standards are
developed in conjunction with an interstate compact. SLIMPACT-Lite, as cited
above, would provide such a mechanism to develop nationwide uniform foreign
insurer eligibility standards that would ensure that stable, well-financed companies
are providing coverage in our states.
NCOIL adopted SLIMPACT-Lite during its 2010 Annual Meeting on November 21—two days after NCOIL, CSG, and NCSL legislators participated in an inaugural State Leader Summit on financial modernization and expressed strong support for the interstate compact.

Following the NCOIL meeting, CSG and NCSL unanimously endorsed SLIMPACT-Lite via resolution at their respective national meetings. The final version approved by the organizations being sent to the states further clarifies criteria for Executive and other committee membership and procedures.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at www.ncoil.org.

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