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NCOIL SUMMER MEETING TO TARGET FEDERAL GRABS AT STATE AUTHORITY, HIGHLIGHT STATE REFORMS

Troy, New York, July 18, 2006—During an unusually insurance-heavy congressional session in which federal lawmakers are looking, more than ever before, to seize control of state insurance oversight, legislators attending the July 20 through 23 National Conference of Insurance Legislators (NCOIL) Summer Meeting in Boston, Massachusetts, will examine federal preemptive initiatives and highlight key state reforms. On the agenda, among other items, are federal grabs at state authority, the Interstate Insurance Product Regulation Compact, market conduct surveillance, health insurance reform, and a national mega-catastrophe system.

On Thursday, July 20, the NCOIL State-Federal Relations Committee will review congressional efforts to usurp state oversight, as well as gather to pursue NCOIL activity opposing such a takeover. NCOIL has been active in educating federal officials on the need to preserve state regulation in order to, among other things, best protect consumers. Congressional preemptive efforts include a recent hearing on the insurer limited antitrust exemption granted under the McCarran-Ferguson Act, Subcommittee hearings on an Optional Federal Charter and a proposed State Modernization and Regulatory Transparency (SMART) Act, and a likely vote on H.R. 5637, the Nonadmitted and Reinsurance Reform Act of 2006, that takes a page from the SMART Act draft.

NCOIL asserts that a federal system would shanghai state reforms, including the successful launch of the Interstate Insurance Product Regulation Compact, which is based on an earlier, more general NCOIL proposal. The State-Fed meeting on July 20 will discuss issues related to implementation of the system now that 27 states have enacted compacting legislation. Adopted by the National Association of Insurance Commissioners (NAIC) two years ago following significant NCOIL input, the Compact will speed life and annuities products to market and renders congressional intervention unnecessary.

Legislators at a special July 20 session on market conduct reform will consider proposed amendments, offered by a market conduct subcommittee, to an original, February 2004 NCOIL model law. The issue is critical to fending off federal regulation. In general, the NCOIL model
would establish methods for collecting marketplace data and would set forth a continuum of market conduct actions for consideration prior to undertaking targeted market conduct exams.

Federal preemption of state healthcare regulation will come under fire during the Friday, July 21, meeting of the Health, Long-Term Care, and Health Retirement Issues Committee. Lawmakers will discuss the status of the Enzi bill, S. 1955, and the Health Care Choice Act, H.R. 2355—both proposals that NCOIL adamantly opposes on the grounds that such legislation would preempt state laws and could permit “cherry picking” of healthier groups or individuals and raise rates for those still under state supervision. NCOIL has instead advocated for responsible state reforms to ensure that health insurance is accessible and affordable.

The Committee will review landmark state-based health insurance efforts, including those recently enacted in Massachusetts and Vermont, as part of a broader effort to address the current health care crisis. Legislators will further their discussion during a July 22 general session entitled Benefit Mandates: Reducing Healthcare Costs?, in which health-plan, provider, employer, employee, and academic representatives will weigh the costs versus benefits of state requirements.

The NCOIL Subcommittee on Natural Disaster Insurance Legislation will recognize the need for a targeted, limited federal insurance role on July 20, when lawmakers consider a draft NCOIL-NAIC catastrophic natural disaster plan that would create a multi-layered approach to disaster management. The system would rest primary responsibility with consumers and the private industry, followed by optional state and regional catastrophe funds and a federal reinsurance mechanism.

The NCOIL Summer Meeting will be held at the Boston Park Plaza Hotel and Towers in Boston, Massachusetts.

NCOIL is an organization of state legislators whose public policy concern 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.

For further details, please contact the NCOIL National Office at 518-687-0178.

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