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NCOIL RESOLUTION OPPOSES NAIC ACCREDITATION CHANGES, COMMITTS TO IRMA EXAMINATION

Boston, Massachusetts, July 24, 2006—Prompted by concern over recent National Association of Insurance Commissioners (NAIC) activity on accreditation and receivership law, the National Conference of Insurance Legislators (NCOIL) on July 22 adopted a *Resolution Regarding Efforts to Make Insurer Receivership Model Act (“IRMA”) Provisions Part of the NAIC Accreditation Standards*. Legislators took action during the NCOIL Summer Meeting here.

The resolution, among other things, recognizes the primacy of state legislatures in setting receivership public policy. It opposes inclusion of IRMA standards into the accreditation system on the grounds that the model law does not directly relate to solvency, and opposes an initiative to truncate the process whereby additional accreditation standards are exposed and adopted.

In addition, the resolution commits NCOIL to investigating the merits of IRMA, including the need for any revisions, and to taking action as appropriate.

In the mid-1990s, as the NAIC began adding more models to its existing accreditation standards, NCOIL cautioned the NAIC to develop a more deliberative process by which new standards would be exposed and incorporated, and stressed a need for a cost-benefit analysis of any proposed change. This resulted in the current process for inclusion of new models. In addition to truncating the exposure period, regulators are now proposing to eliminate the cost-estimate requirement.

At the Summer Meeting, an NAIC representative said that the NCOIL Property-Casualty Insurance Committee should wait until the NAIC had completed its work before opposing regulator recommendations. Committee Chair Sen. Pamela Redfield (NE) responded that the appropriate time for legislators to weigh in was during the discussion process.

Recently passed by the NAIC, IRMA has drawn criticism from many in the insurance industry, who charge that the model act is incomplete and, to some extent, unfair. Concerns include, among other things, the model law's failure to address issues regarding large deductible insurance policies.

NCOIL will begin substantive consideration of IRMA at the November 9 through 12 NCOIL Annual Meeting in Napa Valley, California.

The P-C Committee adopted the resolution on July 21 and referred it to the Executive Committee, which passed the resolution the following day.

The July 20 through 23 NCOIL Summer Meeting took place at the Boston Park Plaza Hotel & Towers.

NCOIL is an organization of state legislators whose main public policy concern is insurance legislation and regulation. Many legislators active in NCOIL either chair or are members of the committee 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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