

## FOR IMMEDIATE RELEASE

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### NCOIL LEGISLATORS REACT TO GROUNDBREAKING STUDY ON STATE AUTHORITY

**Troy, New York, July 26, 2007** — The National Conference of Insurance Legislators (NCOIL) at its Summer Meeting in Seattle on July 21 aired Phase I of *A Study on State Authority: Making a Case for Proper Insurance Oversight*—the first study of its kind to take an aerial snapshot of state regulation in its current form—to find where it works well and contributes to a healthy insurance market and where it may not work as well and inhibits that market.

NCOIL President Sen. Alan Sanborn (MI), in announcing Phase I of the study, said, “It is important that NCOIL—as a staunch proponent of state authority—to ensure that the regulatory system now in place is the best it possibly can be. NCOIL will use the study’s findings and recommendations to set a strategic agenda to enhance state insurance regulation, which can be considered for adoption by each state.”

Sen. James Seward (NY), NCOIL Secretary, observed, “This study lays the foundation for NCOIL's ongoing efforts to not only preserve the state regulation of insurance, but to improve upon it for the benefit of consumers across the country.”

Mr. James Schacht of Navigant Consulting, LLC, who led the study, and Mr. Bruce Foudree of Lord, Bissell & Brook LLP, a coauthor, reported on authority granted to—and real-life roles of—players who impact state insurance regulation, including legislators, attorneys general, regulators, and the National Association of Insurance Commissioners (NAIC). Dr. Joseph F. Zimmerman, Professor of Political Science, The Rockefeller College of Public Affairs and Policy, State University of New York at Albany, also served as a coauthor.

NCOIL Executive Committee members who heard the briefing expressed most concern when informed of the role of the NAIC in the scheme of state insurance regulation. They raised questions relating to, among others, NAIC authority and accountability, budget, staff, use of state insurance information for profit, confidentiality of information being shared by the NAIC, alleged deficiencies in the NAIC open meetings policy, and the appropriateness of the NAIC signing of memorandums of understanding with foreign nations in its present status as a 501(c) (3) nonprofit organization.

In response to the study initial report, NCOIL Vice President Rep. Brian Kennedy (RI) stated:

“...the ILF study is a great first step in providing a thorough and comprehensive review of the NAIC and its amoeba-like tendency to grow unfettered and without direct state control for its actions. I am looking forward to the proposed recommendations that will be issued by the study’s authors later this autumn, since I think it is incumbent upon us as the legislators of our states and commonwealths to swing the balance of power back to the legislative branch, and not continue to be subservient to a so-called ‘non-profit organization’ that is that in name only and purports to be the sole arbiter of how to address insurance regulation in our country.”

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Rep. George Keiser (ND), NCOIL Executive Committee Chair, said in summary:

“The preliminary draft of *A Study on State Authority* by Navigant is comprehensive and informative. The roles of the NAIC and the court system have evolved and there is not a clear separation of legislative, executive and judicial branch powers and responsibilities. NCOIL and state legislatures need to reaffirm their constitutional role as the policy making branch of government while at the same time protecting the proper roles of the regulators and court system. If state legislators do not become involved and develop strategies for modernization, state regulation of insurance will be at risk.

The final phase of the study will contain recommendations to legislators in such areas as the principles that should underlie an effective insurance regulatory scheme, relating for example to rates and forms; the definition of the role of the NAIC and the strengthening of state legislative oversight; and the alleviation of potential jurisdictional issues between state attorneys general and state insurance commissioners. It is scheduled to be completed in September and will be vetted at the NCOIL 2007 Annual Meeting in November.

The Insurance Legislators Foundation (ILF)—the research and educational arm of NCOIL—commissioned the study to take an in-depth objective look at insurance regulation in the states in order to make necessary improvements. The study scrutinizes systems now in place in six representative states, and provides a constructive analysis of the components of state regulation—the legislative, executive, regulatory and judicial branch, as well as other entities—that presently interact and impact the regulation of insurance markets in the states.

NCOIL is an organization of state legislators whose primary interest is insurance legislation and regulation. Many legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country.

The initial draft of Phase I of the ILF *Study on State Authority* is available at [www.ncoil.org](http://www.ncoil.org). For further details, please contact the NCOIL National Office at 518-687-0178.

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