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CONTACT: Susan Nolan
Candace Thorson
NCOIL National Office
518-687-0178

NCOIL FORGES AHEAD ON MARKET CONDUCT REFORM—VIEWS AS KEY TO STATE FINANCIAL MODERNIZATION

Boston, Massachusetts, July 27, 2006—NCOIL legislators on July 20 moved forward in their efforts to effect needed market conduct reform by previewing a newly proposed market conduct surveillance initiative at the NCOIL Summer Meeting here. NCOIL believes market conduct reform, as well as speed-to-market for life insurance products, rate modernization, and uniform agent and company licensing, is a cornerstone of successful state modernization efforts.

Representative Craig Eiland (TX), NCOIL State-Federal Relations Committee Chair, said

NCOIL is committed to effect market conduct surveillance reform, and will continue its efforts to develop a needed statutory approach to problems evidenced in its 2000 and 2002 studies. State legislators will not be deterred from their charge to address this key modernization component—and to develop a model that will garner support in the states. Our goal is to have an NCOIL model act that states can begin adopting in January 2007.

The proposed model stems from an initial NCOIL model law adopted in early 2004. It was crafted in reaction to a perceived lack of regulatory or industry support for a joint National Conference of Insurance Legislators (NCOIL) and National Association of Insurance Commissioners (NAIC) model adopted in late 2004, which lost much of the backing afforded to the original NCOIL model.

The model is the consequence of numerous Market Conduct Reform Subcommittee teleconferences held between March and July of this year, in which NCOIL legislators discussed and debated the pros and cons of proposed amendments to the initial NCOIL model and received interested party input.

Resulting amendments tackle very real issues of concern, such as the scope and content of examinations, market conduct analysis and action protocol and procedures, data collection, confidentiality of information, and domestic responsibility and deference.

Sen. Neil Breslin (NY), chair of the Subcommittee that developed the model and reported it up to the State-Federal Relations Committee on July 20, said, “The amended model represents an attempt to reach a middle ground on these controversial issues—one that serves legislators, regulators, the consumers they serve, and industry alike.”

Following review of the proposed model at a Special State-Federal Relations Committee Meeting on Market Conduct Reform that same day, Rep. Eiland informed participants that the Committee would allow 20 additional days for comment on specific language within the model from interested parties who had not already input into the process.

Upon receipt and review of such input, the model will go before the full State-Federal Relations Committee for a vote at the NCOIL Annual Meeting, scheduled for November 9 through 12 in Napa Valley, California. It will very likely be referred to the Executive Committee at that same meeting for final approval.

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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