

NCOIL

National Conference of Insurance Legislators

...for the states

PRESIDENT: REP. GEORGE KEISER, ND
PRESIDENT-ELECT: SEN. CARROLL LEAVELL, NM
VICE PRESIDENT: SEN. VI SIMPSON, IN
SECRETARY: REP. CHARLES CURTISS, TN
TREASURER: REP. GREG WREN, AL

July 29, 2011

Commissioner Susan Voss
NAIC President
Iowa Division of Insurance
330 Maple Street
Des Moines, Iowa 50319

Dear Commissioner Voss:

As president of the National Conference of Insurance Legislators—and in line with NCOIL Treasurer Rep. Greg Wren's remarks yesterday at the U.S. House Committee on Financial Services Subcommittee on Insurance, Housing and Community Opportunity's hearing—I am writing you in an effort for our mutual organizations to reach common ground on surplus lines regulatory reform.

Because Congresswoman Biggert has suggested that the NAIC work with NCOIL on SLIMPACT as a unified response to the NRRRA, NCOIL is asking you, as we did early on in SLIMPACT development, to find a common ground in SLIMPACT. As you can remember, responding to regulator concerns that SLIMPACT was overly prescriptive, NCOIL slimmed down SLIMPACT language by deleting certain uniform standards. Another concern expressed by NAIC regulators that SLIMPACT would not be functional soon enough has been put to bed—as SLIMPACT has nine members and counting.

Commission representatives have developed bylaws and a rule for rulemaking, and are now honing in on an allocation method upon which all interested parties, including the NAIC, can agree. The Counsel of State Government (CSG) has offered its renowned National Center for Interstate Compacts as a means of housing and facilitating SLIMPACT Commission operations.

The compact's uniform standards respond to NRRRA intent to simplify and streamline the surplus lines regulatory process and protect the surplus lines consumers in our states. SLIMPACT uniform foreign eligibility requirements will prohibit undercapitalized foreign insurers from selling surplus lines insurance to state insurance consumers. The SLIMPACT uniform policyholder notice will ease the costly administrative burdens tied to issuing up to 51 different state-mandated policyholder notices.

As promised by Rep. Wren yesterday, NCOIL will make every effort to work with the NAIC to achieve synergy in responding to Congress's desire to unburden and streamline the surplus lines regulatory system. We look forward to your response and to further communications with the NAIC in the near future. We would like to go back to Congress in or before its fall hearing with good news about state surplus lines regulatory reform.

Best regards,



Rep. George Keiser (ND)
NCOIL President

cc: NAIC Regulators
U.S. House Financial Services Committee
U.S. Senate Banking Committee
NCOIL Legislators

K:\NCOIL\2011 Docs\2007425

NCOIL

National Conference of Insurance Legislators

...for the states

PRESIDENT: REP. GEORGE KEISER, ND
PRESIDENT-ELECT: SEN. CARROLL LEAVELL, NM
VICE PRESIDENT: SEN. VI SIMPSON, IN
SECRETARY: REP. CHARLES CURTISS, TN
TREASURER: REP. GREG WREN, AL

July 29, 2011

Representative Judy Biggert, Chair
U.S. House Committee on Financial Services
Subcommittee on Insurance, Housing & Community Opportunity
2113 Rayburn House Office Building
Washington, DC 20515

Dear Chairperson Biggert:

As president of the National Conference of Insurance Legislators, I would like to further respond to your question at yesterday's hearing entitled "Insurance Oversight: Policy Implications for U.S. Consumers, Businesses and Jobs" regarding the possibility of NCOIL and the National Association of Insurance Commissioners (NAIC) reaching common ground on the Surplus Lines Insurance Multi-State Compliance Compact (SLIMPACT).

In line with NCOIL Treasurer Rep. Greg Wren's remarks, NCOIL will recommit its efforts with the NAIC to find a unified response to surplus lines reform. NCOIL repeatedly, and to no avail, tried to develop a joint approach with the NAIC early on in SLIMPACT development—asking for input on compact provisions with the promise to modify in order to gain NAIC support. Responding to regulator concerns that SLIMPACT was overly prescriptive, the compact language was substantially slimmed down by deleting certain uniform standards.

NCOIL will again reach out to the NAIC to ask their buy-in to SLIMPACT, as our state legislators believe its uniform standards respond to NRRA intent to simplify and streamline the surplus lines regulatory process and meet the state constitutional concerns expressed by compact legal experts. We believe SLIMPACT is honing in on an allocation method upon which all interested parties, including the NAIC, can agree.

SLIMPACT uniform foreign eligibility requirements will prohibit undercapitalized foreign insurers from selling surplus lines insurance to state insurance consumers. The SLIMPACT uniform policyholder notice will ease the costly administrative burdens tied to issuing up to 51 different state-mandated policyholder notices.

NCOIL believes only SLIMPACT meets the criteria established in the NRRA, and will provide uniformity, simplicity, relative revenue neutrality, etc., for the states. Industry worked on and supported the development of the SLIMPACT model and is not supportive of the NIMA model.

In summary, NCOIL will make every effort to work with the NAIC to achieve synergy while maintaining our full-faith effort to respond to Congress's desire to unburden and streamline the surplus lines regulatory system. We look forward to further communications with your Subcommittee in the near future to apprise you of our efforts.

Best regards,



Rep. George Keiser (ND)
NCOIL President

cc: U.S. House Financial Services Committee
U.S. Senate Banking Committee

K:\NCOIL\2011 Docs\2007417