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NCOIL PURSUES MARKET CONDUCT REFORM MODEL, TO CONSIDER AMENDMENTS AT ANNUAL MEETING

Washington, D.C., November 6, 2006 — Building on more than five years of work regarding market conduct surveillance reform, legislators at the National Conference of Insurance Legislators (NCOIL) State-Federal Relations Committee meeting on Friday, November 10, will consider amendments to, and likely adopt a revised version of, an NCOIL *Market Conduct Surveillance Model Law*. The session will take place from 3:15 to 5:30 p.m. during the NCOIL Annual Meeting in Napa Valley, California.

The proposed amendments are based on comments received from regulators, insurance industry representatives, and other interested parties both before and immediately following the 2006 Summer Meeting. At that time, the Committee expressed an intention to vote on proposed revisions at the Annual Meeting.

The draft amendments address issues including, among other things, state collaboration, market analysis procedures, insurance department data requests, confidentiality, department access to third-party information, and review of complaint and other insurer data. An amendment sponsored for discussion by Committee Chair Rep. Craig Eiland (TX) reflects certain interested-party concerns regarding proposed changes to domestic responsibility and deference to other states.

According to Rep. Eiland,

NCOIL has worked for some time now to develop a much needed statutory approach to market conduct reform, which is a critical component of state

financial modernization. It is our hope that the amended model law that will be voted on in Napa Valley will garner support in the states, following in the path of legislation enacted in Texas and Colorado.

The model bill, originally adopted by NCOIL in February 2004, seeks to establish a framework all states could implement for Insurance Department market conduct actions, including processes and systems for identifying, assessing, and prioritizing market conduct problems that have a substantial adverse impact on consumers, policyholders, and claimants.

NCOIL is an organization of state legislators whose primary focus 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. More information is available at www.ncoil.org.

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