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LAWMAKERS TO BEGIN IN-DEPTH DEBATE OF CONTROVERSIAL NAIC MEGA-CATASTROPHE PROPOSAL

Troy, New York, November 6, 2006—Gathered in an earthquake-prone, coastal state, legislators at the National Conference of Insurance Legislators (NCOIL) Annual Meeting in Napa, California, will begin in-depth debate of a draft National Association of Insurance Commissioners (NAIC) plan to create a comprehensive mega-catastrophe system. The NAIC submitted the proposal for NCOIL consideration. Discussion will take place at the November 9 Subcommittee on Natural Disaster Insurance Legislation meeting, scheduled from 3:00 to 4:30 p.m.

The proposed *Natural Catastrophe Risk: Creating a Comprehensive National Plan* sets out a multi-layered system for disaster management, in which primary responsibility would fall to consumers and the private industry; secondary responsibility would rest on optional state or regional catastrophe funds; final responsibility would lie with a federal catastrophe backstop; and states would be required to implement strong mitigation initiatives at every layer of the proposal.

Under the draft, the federal government would create a Federal Natural Catastrophe Commission to evaluate hazard-prone markets throughout the country, determine if there is need for national public support, and select the appropriate level and form of assistance if called for.

The draft tracks an earlier NAIC plan. It would allow for creation of tax-deferred catastrophe reserves and contemplates, among other things, NAIC examination of financial market options for transferring catastrophe risks.

Regulators submitted to NCOIL a refined version of their proposal in time for the Annual Meeting's 30-day deadline. The action responded to an earlier letter that Sen. Pam Redfield (NE), NCOIL Property-Casualty Insurance Committee chair, sent to Commissioner Kevin McCarty (FL), NAIC Property-Casualty Insurance Committee chair, suggesting a procedure for NCOIL-NAIC collaboration.

The NCOIL Annual Meeting will be held at the Marriott Napa Valley Hotel & Spa in Napa Valley, California.

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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