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

Mike Humphreys
NCOIL Washington, DC Office
202-220-3014

NCOIL ANSWERS DODD-FRANK SURPLUS LINES CHALLENGE

Austin, TX, November 21, 2010 — Asserting as the only effective state response to the Dodd-Frank Act's surplus lines mandates, the National Conference of Insurance Legislators (NCOIL) today adopted a slimmed-down *Surplus Lines Insurance Multi-State Compliance Compact* (SLIMPACT). Legislators approved "SLIMPACT-Lite" two days after NCOIL hosted an inaugural state leader summit devoted to state-based modernization efforts, and followed Friday's endorsement by the State-Federal Relations Committee.

Outgoing NCOIL President Rep. Robert Damron (KY) said:

With Dodd-Frank effective dates quickly approaching, it was incumbent on NCOIL to approve guidance that state legislatures can begin work on immediately. SLIMPACT-Lite represents thoughtful consideration by numerous stakeholders. Without it, states stand to lose millions of dollars in premium tax revenue beginning next year. Such monies are especially important today as legislators wrestle with tough budget decisions brought about during the nation's financial crisis.

Upon adoption of the model, Rep. Damron cautioned legislative colleagues against inertia. He said, "Failing to act will not only cost states millions of dollars in premium tax revenue, but will also send a message to the federal government that states cannot do the job of modernizing insurance regulation." He continued, "Dodd-Frank declared the intent of Congress that states adopt an interstate compact to address surplus lines issues. If we instead each go our own way, there's no doubt in my mind that industry interests will successfully return to Congress for further federal intervention."

NCOIL past president Rep. Brian P. Kennedy (RI) said:

SLIMPACT-Lite was received warmly by most State Summit participants—including by representatives of The Council of State Governments (CSG) and the National Conference of State Legislatures (NCSL). We anticipate that resolutions endorsing SLIMPACT-Lite will be considered during upcoming CSG and NCSL meetings and recognize that their support will be crucial to promote national uniformity and ensure the timely passage of the proposal in state legislatures across the country.

By creating a system to collect and allocate premium tax dollars and to develop uniform tax processes and eligibility standards, among other things, SLIMPACT-Lite is the only pending proposal to address Dodd-

Frank's taxation and regulatory concerns. It is the sole initiative to have been broadly supported by industry stakeholders to implement Dodd-Frank.

SLIMPACT-Lite would authorize a governing commission to establish allocation formulas, uniform payment methods and reporting requirements, foreign insurer eligibility requirements, and a single policyholder notice, among other things. To streamline taxation, it would require a state to create a single tax rate for surplus lines insurance, allow states to charge their own rates on multi-state risks, and set uniform payment dates.

State leaders representing the CSG, NAIC, NCSL, and North American Securities Administrators Association (NASAA) participated in the state leader summit—which also highlighted financial regulatory issues that the respective national organizations could collaboratively address, including annuity suitability.

NCOIL adopted SLIMPACT-Lite during its November 18 through 21 Annual Meeting here.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most 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.

For further details, please contact the NCOIL National Office at 518-687-0178 or the NCOIL Washington, DC, Office at 202-220-3014 or by e-mail at mhumphreys@ncoil.org.

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