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

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

NCOIL TACKLES SURPLUS LINES UNIFORMITY, ANSWERS DODD-FRANK WITH COMPROMISE SLIMPACT

Washington, DC, November 15, 2010 — Seeking to answer the Dodd-Frank Act's call for surplus lines insurance modernization, the National Conference of Insurance Legislators (NCOIL) today offered a slimmer *Surplus Lines Insurance Multi-State Compliance Compact (SLIMPACT)* as a compromise proposal that could achieve legislator, regulator, and industry support. With time of the essence ahead of Dodd-Frank's June 2011 deadline, "SLIMPACT-Lite" will be considered at the inaugural *State Leader Summit: Working Session on Financial Modernization*, to be held this Friday, from 8:00 to 11:30 a.m., during the NCOIL Annual Meeting. NCOIL legislators will also consider a resolution urging states to conform their surplus lines laws to Dodd-Frank Act provisions.

NCOIL President Rep. Robert Damron said:

SLIMPACT-Lite could represent the breakthrough that stakeholders have been searching for since the President signed Dodd-Frank in July. Its structure is familiar to legislators in the 36 jurisdictions that have already approved an Interstate Insurance Product Regulation Compact, and its authorities have been limited from the original draft to focus on those issues that are addressed by Dodd-Frank or are otherwise most needed to streamline surplus lines taxation and regulation.

The NCOIL President continued, "We look forward to airing the proposal at the Summit on Friday and believe that the state leaders in attendance will be able to advance a consensus proposal that state legislatures will welcome next year."

Rep. Damron added, "When the NAIC began its process to implement Dodd-Frank two months ago, NCOIL urged the organization to consider SLIMPACT as a starting point. I committed to working with regulators to modify SLIMPACT, if necessary, and—after reviewing concerns voiced during numerous NAIC Task Force meeting—believe that SLIMPACT-Lite balances the concerns of many stakeholders"

SLIMPACT-Lite would authorize a governing commission to establish allocation formulas to help states share premium tax dollars, uniform payment methods and reporting requirements for insureds and surplus lines brokers, national eligibility standards, and a single policyholder notice to replace the various forms used across the country. 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, and set uniform payment due dates, among other things.

Representatives of The Council of State Governments (CSG), NAIC, North American Securities Administrators Association (NASAA), and National Conference of State Legislatures (NCSL) are expected to participate in the Summit.

Also on Friday, the NCOIL State-Federal Relations Committee will consider a draft *Resolution in Support of Amending the Insurance Law to Conform to the Nonadmitted and Reinsurance Reform Act (NRRA)*, sponsored by NCOIL President-Elect Rep. George Keiser (ND).

Recognizing that the NRRA requires changes to state surplus lines codes that extend beyond the responsibilities that could be assigned to any new national system—including SLIMPACT-Lite—the resolution urges states to promptly develop legislation to facilitate NRRA provisions. The resolution says that state “statutes must be amended to conform to the mandatory provisions and definitions contained in the NRRA,” among other things.

The NCOIL Annual Meeting will take place from November 18 through 21 at the Hilton Austin Downtown in Austin, Texas.

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 Washington, DC Office at 202-220-3014, or by email at mhumphreys@ncoil.org.

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