

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS  
EXECUTIVE COMMITTEE  
BOSTON, MASSACHUSETTS  
JULY 22, 2006  
MINUTES

The Executive Committee of the National Conference of Insurance Legislators (NCOIL) met at the Boston Park Plaza Hotel & Towers in Boston, Massachusetts, on July 22, 2006, at 11:30 a.m.

Acting Chair Sen. Alan Sanborn of Michigan, NCOIL vice president, presided.

Other members of the Committee present were:

Rep. Richard Laird, AL	Sen. Pamela Redfield, NE
Sen. Joseph Crisco, CT	Rep. Don Flanders, NH
Rep. Donald Brown, FL	Rep. Dan Foley, NM
Sen. Steven Geller, FL	Sen. Carroll Leavell, NM
Rep. Pat Patterson, FL	Sen. Neil Breslin, NY
Rep. Terry Parke, IL	Sen. James Seward, NY
Rep. Michael Ripley, IN	Rep. Robert Godshall, PA
Sen. Ruth Teichman, KS	Rep. Brian Kennedy, RI
Rep. Bob Damron, KY	Del. Harvey Morgan, VA
Rep. Joe Hune, MI	Sen. Ann Cummings, VT
Sen. Bob Dearing, MS	Rep. Kathleen Keenan, VT
Sen. Dean Kirby, MS	Rep. Virginia Milkey, VT
Rep. George Keiser, ND	Rep. Mark Young, VT
Sen. Harvey Tallackson, ND	

Other legislators present were:

Rep. Ralph Hudgens, GA  
Sen. Duane Mutch, ND

Others present were:

Susan Nolan, NCOIL Executive Director  
Candace Thorson, NCOIL Deputy Executive Director  
Mike Humphreys, NCOIL Director of Legislative Affairs and Education,  
Life, Health, and Workers' Compensation

MINUTES

Upon a motion made and seconded, the Committee voted unanimously to adopt, as submitted, the draft minutes of its February 25, 2006, meeting in Weston, Florida.

## FINANCIAL REPORT

Ms. Nolan overviewed year-end audited financial statements for NCOIL and the Insurance Legislators Foundation (ILF), as well as the 2006 first-quarter financial statements for NCOIL, the ILF, and the NCOIL almanac. She noted that revenues were up.

The Executive Committee voted unanimously to accept the report as presented.

## NOMINATIONS

There being no new nominations, the Committee recognized the following new NCOIL attendees:

- Rep. Ralph Hudgens, GA
- Sen. Dean Cameron, ID
- Rep. John Morley, VT
- Sen. Dan Kapanke, WI

## NON-CONTROVERSIAL CALENDAR

Ms. Thorson said that the non-controversial calendar included the following:

### *Workers' Compensation Insurance Committee*

- Amended IAIABC model agreement regarding claims reciprocity
- NCOIL-endorsed *Model State Structured Settlement Protection Act*

### *Health, Long-Term Care, and Health Retirement Issues Committee*

- NCOIL *Mental Health Parity Model Act*

### *Life Insurance & Financial Planning Committee*

- *Resolution in Support of Recognizing September 2006 as Life Insurance Awareness Month*
- NCOIL *Insurance Compliance Self-Evaluative Privilege Model Act*
- NCOIL *Secondary Addressee Model Act*

### *Property-Casualty Insurance Committee*

- Resolution supporting stronger building codes and building requirements
- Resolution regarding IRMA and NAIC accreditation activity
- *Auto Insurance Fraud Model Act*

The Executive Committee voted unanimously to accept the non-controversial calendar.

## COMMITTEE REPORTS

### FINANCIAL SERVICES & INVESTMENT PRODUCTS COMMITTEE

Rep. Joe Hune, chair of the Committee, reported that the Committee had:

- received a report on disputes between banks and credit unions

- discussed Congressional investigations into the title insurance industry
- discussed the status of an NAIC effort to apply Sarbanes-Oxley (SOX)–like requirements to non-public insurance companies
- approved a motion to resend, under cover letter, NCOIL’s resolution opposing the NAIC SOX effort to legislators and regulators across the country
- discussed development of a proposed payday lending model act

The Executive Committee voted unanimously to accept the report as presented.

#### HEALTH, LONG-TERM CARE & HEALTH RETIREMENT ISSUES COMMITTEE

Rep. Keiser, chair of the Committee, reported that the Committee had:

- heard a presentation on Massachusetts mandated healthcare legislation
- discussed issues related to pharmacy benefit managers (PBMs)
- discussed issues related to secondary markets in health insurance
- received an update on the federal Enzi bill

The Executive Committee voted unanimously to accept the report as presented.

#### INTERNATIONAL INSURANCE ISSUES COMMITTEE

Rep. Young, chair of the Committee, reported that the Committee had:

- discussed, in conjunction with EU Parliamentarian Peter Skinner and Maine Insurance Superintendent and NAIC President Alessandro Iuppa, issues of common concern with the EU, such as solvency, reinsurance collateral, and accounting matters

The Executive Committee voted unanimously to accept the report as presented.

#### LIFE INSURANCE & FINANCIAL PLANNING COMMITTEE

Sen. Crisco, vice chair of the Committee, reported that the Committee had:

- discussed regulatory issues concerning equity-indexed annuities
- discussed issues related to suitability of annuities
- discussed issues surrounding viatical and life settlements
- adopted a resolution recognizing September 2006 as Life Insurance Awareness Month
- discussed principles-based reserving for life insurers
- re-adopted NCOIL model laws on self-evaluative privilege and secondary addressees
- deferred, until the Annual Meeting, review of the NCOIL *Life Settlements Model Act*

The Executive Committee voted unanimously to accept the report as presented.

#### PROPERTY-CASUALTY INSURANCE COMMITTEE

Sen. Redfield, chair of the Committee, reported that the Committee had:

- adopted a resolution in support of strong building codes and building requirements

- adopted an *Auto Insurance Fraud Model Act*
- adopted a resolution on IRMA and NAIC accreditation activity
- received updates on FEMA and on an ILF study regarding motor vehicle safety
- discussed issues regarding surplus lines
- received an update on a Ford aftermarket crash part patent initiative
- readopted an NCOIL *Property-Casualty Insurance Modernization Model Act*

Sen. Geller, chair of the Subcommittee on Natural Disaster Insurance Legislation, reported on subcommittee activities and said that a small subgroup, appointed by NCOIL President Rep. Wald, would work with interested parties and the NAIC to find consensus on a plan for national mega-catastrophe preparedness.

The Executive Committee re-adopted the modernization model act via voice vote and voted unanimously to accept the report as presented.

#### STATE-FEDERAL RELATIONS COMMITTEE

Ms. Nolan reported, in the chair's absence, that the Committee had:

- received an update on federal initiatives, including a hearing on the McCarran-Ferguson Act, optional federal charter legislation, and a proposed *Non-admitted and Reinsurance Reform Act*
- discussed state modernization efforts

Sen. Breslin, chair of the Market Conduct Subcommittee, reported that the Committee had held a separate, special meeting regarding Subcommittee recommendations to revise a February 2004 NCOIL *Market Conduct Surveillance Model Law*. He said that the recommendations followed the Subcommittee's review of interested party comments on the draft. Sen. Breslin also reported that Committee Chair Rep. Eiland had given regulators and interested parties that had not yet commented 20 days to do so.

The Executive Committee voted unanimously to accept the report as presented.

#### WORKERS' COMPENSATION INSURANCE COMMITTEE

Sen. Leavell, chair of the Committee, reported that the Committee had:

- received a report on the Massachusetts workers' compensation insurance system
- discussed medical cost containment strategies in workers' compensation
- supported an amended International Association of Industrial Accident Boards and Commissions (IAIABC) model agreement regarding claims reciprocity
- received an update on issues related to professional employer organizations (PEOs)
- reaffirmed support for an NSSTA/NASP *Model State Structured Settlement Protection Act*

The Executive Committee voted unanimously to accept the report as presented.

## TASK FORCE ON TERRORISM

Ms. Nolan reported, in the chair's absence, that the Task Force had:

- received a report on a recent NAIC hearing regarding long-term solutions to terrorism insurance and discussed possible options

The Executive Committee voted unanimously to accept the report as presented.

## BUSINESS PLANNING COMMITTEE

Ms. Nolan reported that the Committee had discussed future sites for NCOIL meetings, among other things.

The Executive Committee voted unanimously to accept the report as presented.

## ILF BOARD

Ms. Thorson reported that the ILF Board had discussed progress on an ILF study regarding motor vehicle safety initiatives.

Ms. Nolan reported that the Board had received a proposal from the Professional Insurance Agents of America (PIA) regarding a study on state insurance authority. She said the Board was interested in learning more about the proposal.

The Executive Committee voted unanimously to accept the report as presented.

## ARTICLES OF ORGANIZATION AND BYLAWS REVISION COMMITTEE

Ms. Nolan reported that the Committee had approved a revision to the NCOIL bylaws that would retroactively recognize the Financial Services & Investment Products Committee as a full committee, rather than a subcommittee.

The Executive Committee voted unanimously to accept the report as presented.

## OLD BUSINESS

### REINSURANCE COLLATERAL

Superintendent Iuppa reported that the NAIC had charged its Reinsurance Task Force with examining alternatives to current requirements regarding reinsurance collateral and credit for reinsurance. He indicated that there was no consensus on the issue. He said the Task Force would examine a rating proposal proffered by an ad hoc group several years ago in order to re-focus the discussion.

Superintendent Iuppa said the Reinsurance Task Force would meet in Washington, DC in the week ahead in order to address the issue. He said the Task Force was expected to make a recommendation by the December NAIC meeting.

Sen. Geller discussed his concerns regarding capacity in the U.S. reinsurance market, especially in Florida. He urged the NAIC to act quickly, given the expected changeover in insurance commissioners after the November elections.

Rep. Parke noted that legislators, as the policymakers, have the responsibility to act on important issues, whether or not regulators have reached their own conclusions.

Rep. Young stressed the importance of the reinsurance issue and was supportive of NAIC efforts to reach a decision by year-end. He echoed Rep. Parke's statement that legislators are the policymakers. Superintendent Iuppa welcomed NCOIL legislators and other interested parties to take part in the upcoming NAIC meeting.

Rep. Foley suggested that reinsurance capacity issues in the U.S. were directly related to the uninsurable nature of certain risks.

Rep. Young commented that it was important to spread insurance risk globally.

#### ADJOURNMENT

There being no further business, the Committee adjourned at 12:30 p.m.