

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS
EXECUTIVE COMMITTEE
BOSTON, MASSACHUSETTS
JULY 11, 2010
MINUTES

The National Conference of Insurance Legislators (NCOIL) Executive Committee met at the Park Plaza Hotel & Towers in Boston, Massachusetts on Sunday, July 11, 2010, at 9:30 a.m.

NCOIL President Rep. Robert Damron of Kentucky presided.

Other members of the Committee present were:

Sen. Ralph Hudgens, GA	Sen. William Larkin, Jr., NY
Sen. Vi Simpson, IN	Sen. James Seward, NY
Sen. Ruth Teichman, KS	Sen. Keith Faber, OH
Rep. Tommy Thompson, KY	Rep. Brian Kennedy, RI
Rep. Susan Westrom, KY	Sen. David Thomas, SC
Rep. George Keiser, ND	Rep. Charles Curtiss, TN
Sen. Jerry Klein, ND	Rep. Hubert Vo, TX
Rep. Don Flanders, NH	Sen. Ann Cummings, VT
Sen. Carroll Leavell, NM	Rep. Kathleen Keenan, VT
Assem. William Barclay, NY	Rep. Gini Milkey, VT
Assem. Nancy Calhoun, NY	

Sen. Travis Holdman of Indiana also was present.

Also in attendance were:

Susan Nolan, NCOIL Executive Director
Candace Thorson, NCOIL Deputy Executive Director
Michael Humphreys, NCOIL Director of State-Federal Relations
Jordan Estey, NCOIL Director of Legislative Affairs & Education

MINUTES

The Committee unanimously approved the minutes of its March 7, 2010, meeting in Isles of Palms, SC.

EXECUTIVE COMMITTEE NOMINATIONS

Rep. Damron reported that Rep. Jeff Greer (KY), as chair of the Kentucky House Banking and Insurance Committee, was automatically accepted as a voting member of the Executive Committee.

Sen. Simpson nominated Sen. Holdman for Committee membership and said that he had participated in several recent NCOIL meetings. Upon a motion made and seconded, the Executive Committee unanimously approved Sen. Holdman's nomination.

MEETING REPORT

Ms. Nolan reported that there were nearly 350 registrants for the Summer Meeting, including approximately 50 legislative attendees.

FINANCIALS

Ms. Nolan reported on 2009 year-end financials for NCOIL, NCOIL Publishing, and the Insurance Legislators Foundation (ILF). She said that NCOIL had \$699,622 in total revenues; \$729,556 in total expenses; a \$29,934 deficit; and \$252,390 in end-of-year assets. She said that NCOIL had to write off \$58,000 for states that had promised an NCOIL auditor that they would pay their dues but ultimately did not. She said that the Almanac financials were included in the NCOIL year-end numbers.

Ms. Nolan also reported that the ILF budget, which included both general and scholarship funds, featured \$70,000 in total support and revenue; \$54,828 in total expenses; \$65,307 in net assets at the beginning of the year; and \$90,381 in total end-of-year net assets.

The Committee unanimously approved the financials as presented.

NON-CONTROVERSIAL CALENDAR

Ms. Thorson reported that the non-controversial calendar included the *NCOIL Credit Default Insurance Model Legislation*, as amended.

The Committee adopted the non-controversial calendar via unanimous voice vote.

COMMITTEE REPORTS

Financial Services & Investment Products/International

Rep. Thompson, co-vice chair of the Financial Services Committee, reported that the Committee had:

- unanimously readopted NCOIL *Credit Default Insurance Model Legislation*, as amended (*non-controversial calendar*)
- determined to thank Committee Chair Assem. Joseph Morelle (NY) for his efforts to develop the NCOIL model legislation

Rep. Westrom, chair of the International Committee, reported that the Committee had:

- discussed international accounting standards' impacts on states
- received a report on the U.K. coalition government and prospects for insurance regulation

Health, Long-Term Care & Health Retirement Issues

Sen. Cummings, co-chair of the Committee, reported that the Committee had:

- adopted amendments to a proposed *Model Act Banning Fee Schedules for Uncovered Dental Services* and deferred further consideration of the model until the Annual Meeting
- adopted amendments to a proposed *Healthcare Balance Billing Disclosure Model Act* and directed a subcommittee to continue model development during conference calls prior to the Annual Meeting

Life Insurance & Financial Planning

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

- discussed stranger-initiated annuity transactions (STAT) and formed an interim Subcommittee on STAT to hold conference calls on the issue prior to the Annual Meeting
- determined to develop model legislation for the Annual Meeting regarding disclosure to consumers of alternatives to surrendering/lapsing life insurance policies, and to hold interim meeting conference calls on the issue

- deferred until the Annual Meeting consideration of a proposed *Resolution Protecting Consumers' Rights in Annuity Contracts*
- received a report on revisions to an NAIC suitability model act

Property-Casualty Insurance

Sen. Teichman, chair of the Committee, reported that the Committee had met twice and had:

- adopted amendments to a proposed *Model Act Regarding Motor Vehicle Crash Parts and Repair* and deferred further consideration of the model until the Annual Meeting
- deferred until the Annual Meeting consideration of a proposed *substitute amendment* to a *Model Act Regarding Insurer Auto-Body Steering*
- discussed insurance impacts of the BP oil spill
- deferred until the Annual Meeting legislators' bylaws-required review of certain NCOIL models

State-Federal Relations

Mr. Humphreys, in the absence of the Committee chair, reported that the Committee had:

- approved remaining amendments to a proposed *Market Conduct Annual Statement Model Act* and deferred final consideration of the model until the Annual Meeting
- received a report on IIPRC activity

Workers' Compensation Insurance

Assem. Calhoun, co-vice chair of the Committee, reported that the Committee had:

- adopted amendments to a proposed *Trucking and Messenger Courier Industries Workers' Compensation Model Act* and determined to further review the model and other approaches during conference calls prior to the Annual Meeting
- deferred until the Annual Meeting a *draft letter* regarding data collection and analysis

Upon a motion made and seconded, the Committee unanimously accepted the reports.

SPECIAL MEETINGS: FINANCIAL REGULATORY REFORM

An Hour with Barney Frank

Rep. Damron reported that U.S. House Committee on Financial Services Chairman Barney Frank (D-MA) had discussed federal financial services reform and the Committee's 2011 agenda with legislators and had said that there would be a strong push for optional federal charter (OFC) legislation in Congress next year.

Regulatory Dialogue

Regarding a special regulatory dialogue session, Rep. Damron reported that:

- legislators and regulators had discussed working together on financial modernization
- legislators had requested that the NAIC schedule a summit during its August National Meeting to strategize on issues related to producer licensing, surplus lines regulation, and other things
- legislators had suggested that, at the summit, officials could draft a proposal—which NCOIL could then approve at its Annual Meeting—reinforcing state opposition to an OFC

Financial Regulatory Overhaul

Sen. Seward, moderator of a *Special Meeting on Financial Regulatory Overhaul*, reported that legislator, consumer advocate, and industry representatives had discussed H.R. 4173, the *Dodd-Frank Wall Street Reform and Consumer Protection Act*. He said that the panel focused on the proposed new Financial Stability Oversight Council (FSOC) and Federal Insurance Office (FIO), as well as on mortgage origination and U.S. housing policy, among other things.

SPECIAL MEETINGS: HEALTHCARE REFORM IMPLEMENTATION

Health Insurance Reform Overview

Rep. Keiser, moderator of a forum entitled *Overview of Health Insurance Reform: Timeline from a State's Perspective*, reported that legislators and panelists had discussed *Patient Protection and Affordable Care Act* (PPACA) implementation. He urged lawmakers to stay engaged in the policymaking process and to review forthcoming U.S. Department of Health and Human Services (HHS) regulations.

Health Reform Insurer Impacts

Rep. Damron, moderator of a session entitled *Health Reform and Health Insurers: What's Expected, When and Why?*, reported that legislators and panelists had discussed how the PPACA would impact small and large insurance companies in the short and long terms.

State Funding Challenges

Assem. Barclay, moderator of a session entitled *Paying for It: Funding Challenges Integrating Medicaid, Medicare, and Private Plans*, reported that the session had focused on expansion of Medicaid under the PPACA and the impact on state budgets.

Insurance Exchanges

Rep. Kennedy, moderator of a seminar entitled *Insurance Exchanges: Interfacing Between Public and Private Plans*, reported that legislators and panelists had discussed state, regional, and national exchange issues and options, including case studies in Massachusetts and Utah.

Impacts on Other Lines

Sen. Leavell, moderator of a roundtable entitled *Health Reform and Other Lines of Insurance: Coordination, Cost, and Impact*, reported that legislators and panelists had focused on how the PPACA may impact auto insurance and workers' compensation, as well as what the PPACA CLASS Act provisions might mean for public and private long-term care coverage.

NCOIL-NAIC Dialogue

Sen. Faber, chair of the Committee, reported that insurance regulators had overviewed NAIC efforts to comply with the PPACA, including submitting guidance on new medical loss ratio (MLR) standards. He emphasized that legislators and regulators needed to work together as the states tried to meet federal requirements.

OTHER BUSINESS

Legislators thanked Rep. Peter Koutoujian (MA) for all his efforts to support the Summer Meeting—particularly for his outreach to Congressman Frank. Rep. Damron also thanked organizations that had

contributed to the Insurance Legislators Foundation (ILF) scholarship fund and companies that had sponsored various coffee breaks and the keynote luncheon.

LEGISLATORS' ROUNDTABLE

Legislators then discussed roundtable ideas for the NCOIL Annual Meeting. Among the topics recommended were:

- healthcare forums, patterned after the Summer Meeting schedule, that would address reform implementation
- federal financial services reform, including a Federal Insurance Office (FIO) and prospects for an optional federal charter (OFC)
- the solvency of state investment funds
- healthcare delivery system costs and perspectives
- international trade issues and insurance impacts
- unemployment insurance liabilities
- state and public pension systems, particularly related to health benefits

JoAnne Kron of Allstate, on behalf of the Industry Education Council (IEC), outlined suggested IEC topics related to distracted driving and graduated teen licenses, surplus lines taxation reform, state budget crises and retirement security, and tort reform.

ADJOURNMENT

There being no other business, the Executive Committee adjourned at 10:45 a.m.