

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS
NCOIL-NAIC DIALOGUE
SAN FRANCISCO, CALIFORNIA
NOVEMBER 21, 2014
MINUTES

The National Conference of Insurance Legislators (NCOIL) NCOIL-NAIC Dialogue Committee met at the Grand Hyatt in San Francisco, California, on Friday, November 21, 2014, at 2:00 p.m.

Rep. George Keiser of North Dakota, chair of the Committee, presided.

Other members of the Committee present were:

Sen. Jason Rapert, AR	Rep. Bill Botzow, VT
Sen. Travis Holdman, IN	Sen. Carroll Leavell, NM
Rep. Warren Kitzmiller, VT	Rep. Joseph Fischer, KY
Rep. Don Gosen, MO	Rep. Don Flanders, NH
Rep. Robert Damron, KY	

Other legislators present were:

Rep. Kurt Olson, AK	Sen. David O'Connell, ND
Sen. James Seward, NY	Rep. Kelley Linck, AR
Rep. Ken Goike, MI	Rep. Kathleen Keenan, VT
Sen. Jerry Klein, ND	Rep. Matt Lehman, IN
Sen. Kevin Bacon, OH	Rep. Robert Hackett, OH
Rep. Vincent Pierre, LA	Sen. Matt McCoy, IA
Rep. Peggy Mayfield, IN	Rep. Pete DeGraaf, KA
Rep. Michael Gambrell, SC	Rep. Janice Cooper, ME
Sen. Michael Parson, MO	Del. Harry Keith White, WV
Rep. Deborah Ferguson, AR	Sen. Joyce Elliot, AR
Sen. Joseph Hardy, NV	Sen. Neil Breslin, NY
Rep. Stephanie Malone, AR	

Also in attendance were:

Susan Nolan, Nolan Associates, NCOIL Executive Director
Candace Thorson, Nolan Associates, NCOIL Deputy Executive Director
Molly Dillman, Nolan Associates, NCOIL Director of Legislative Affairs
Andrew Williamson, Nolan Associates, NCOIL Director of Legislative Affairs

MINUTES

Upon a motion made and seconded, the Committee unanimously approved the minutes of the July 12, 2014, meeting in Boston, Massachusetts.

Rep. Keiser introduced the panel of NAIC members: Commissioner Sharon Clark (KY), Commissioner Scott Kipper (NV) and Commissioner Todd Kiser (UT). Rep. Keiser noted NAIC efforts to improve meeting access to NCOIL and industry and said he wanted NAIC leadership to know that NCOIL recognizes and appreciates it. Commissioner Kipper said he is glad NAIC efforts have been recognized, and that a NAIC Governance Review Task Force had been created to continue looking at transparency issues.

FEDERAL INSURANCE OFFICE (FIO)/ FEDERAL ADVISORY COMMITTEE ON INSURANCE (FACI)
Rep. Keiser questioned what Commissioner Kipper predicts will happen relative to the FIO/FACI that might have a negative impact on state based regulation. Commissioner Kipper said the role of FACI under Dodd Frank is to gather information and make it available to the federal government on insurance issues. He said the NAIC has been diligent in making sure FIO activities remain in line with enabling legislation, and will continue to do so. He said the NAIC looks forward to continuing dialogue with the federal government.

Commissioner Clark said there are a few issues of concern including FIO seeking federal oversight of mortgage insurance and covered agreements. She said she attended a meeting with other NAIC officials, Director McRaith, and officials from the US trade representative where she asked that NAIC be allowed at the table for discussion of covered agreements. She said the FIO had solicited NAIC support in the matter but the NAIC cannot support any agreement without knowing the details. She noted if FIO enters an agreement, they should solicit NAIC support and input.

Rep. Keiser addressed his concern with the mortgage insurance issue and said the allowable rate increases in flood insurance would make a lot of properties unaffordable. He noted the negative effect this could have on the real estate market. He asked if the NAIC has been tracking this.

Commissioner Kipper noted that the redrawing of maps had been a significant issue and deferred Rep. Keiser to speak with Commissioner Mike Chaney (MS) who is the resident NAIC expert on the issue.

AFFORDABLE CARE ACT

Commissioner Clark reported the Essential Health Benefits were established in 2014 for a two-year period and are currently under review. She said insurance companies are preparing for 2016 filings and if changes are made it will be very disruptive for companies and departments.

Commissioner Kipper said the health literacy rate for Americans is about 14 percent. He said people who previously did not have health insurance do not understand the difference between a co-insurance deductible and a copayment, what a formulary is, or how to work through a provider directory. He said there is still a lot of work to be done educating the public and that the NAIC has strongly urged the Federal Government to put off changes so there can be stability in market place.

Rep. Keiser asked if the NAIC commissioners had any further information on the waiver possibility in 2017. Commissioner Clark said the NAIC had been given no direction on this.

NAIC UNCLAIMED PROPERTY INITIATIVE

Rep. Keiser noted the approval of the NCOIL unclaimed property model. He asked the status of the NAIC unclaimed property tax model. Commissioner Kipper said work continues to be done on the model. Rep. Keiser encouraged NAIC to look at the NCOIL model.

INTERNATIONAL ISSUES

Rep. Keiser asked the commissioners what NAIC, NCOIL, and other groups should do in order to speak a more uniform voice on international issues.

Commissioner Kiser suggested that NCOIL reach out to Treasury, Director McRaith, FIO, and Congress to express that the NAIC should be involved in international issues. He noted that for 150 years regulators have regulated insurance policy but now there is a sense that the EU is driving dialogue.

Rep. Keiser reported that NCOIL President Sen. Breslin and Commissioner Cosendine, NAIC member, appeared before FIO recently. He noted FIO and the Treasury ultimately report to Congress and suggested a shift in direction is needed to work more closely with Congressional delegations. He noted that while Sen. Breslin said FIO had been receptive to state-based regulation, it might not understand the goals and interests of organizations like NCOIL and NAIC.

Sen. Breslin said when organizations speak together they have a stronger voice in support of state-based regulations.

Sen. Seward asked the panel of commissioners what is the NAIC answer to the EU wanting to deal with one United States entity rather than 50?

Commissioner Kiser said that mandates should be on a state, not federal, platform. He said individual states need policies written for their own areas.

Commissioner Clark said that when a resident in her state has an issue, she wants them to be able to call her. She said doesn't want to send them to Washington and she said most legislators feel the same way.

Rep. Keiser said there needs to be development of policy positions on issues collectively. He said it is time to decide who we are, what we are, and what we want.

Commissioner Kipper said issues around international regulation have gotten more attention in last 3 years than ever, and the NAIC will remain focused on international issues moving forward.

SURPLUS LINES REFORM

Rep. Keiser asked if surplus lines reform had become a non-issue. Commissioner Clark said, as acting Chairman for SLIMPACT for many years, that she has not seen or heard anything on the issue recently.

MARKET CONDUCT

Rep. Keiser noted that Commissioner Clark did a good job previously in her explanation in the State-Federal Relations Committee.

ADJOURNMENT

There being no further business, the Committee adjourned at 3:00 p.m.