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SLIMPACT PRESSES AHEAD DURING FIRST FACE-TO-FACE SESSION

Newport, RI, July 17, 2011—The Surplus Lines Insurance Multi-State Compliance Compact (SLIMPACT) Commission inaugural meeting met with great success here on Friday as Commission representatives unofficially approved organizational and administrative procedures. Representatives of all nine compacting states, plus Hawaii and several others, converged around a crowded table and via conference call to work to get the compact up and running.

Special Counsel for Interstate Compacts at The Council of State Governments (CSG) Rick Masters, who helped draft SLIMPACT and has provided ongoing legal advice, said: "This meeting of the newly formed compact commission signals official activation of this multi-state governing structure. By creating an intermediate authority to collectively exercise power, the member states are free to create fair, uniform, and efficient ways of addressing allocation of surplus lines insurance premium taxes and uniform eligibility standards and related matters. SLIMPACT provides a "shared power" approach that preserves state sovereignty by allowing joint regulation by the states rather than the federal government."

NCOIL President Rep. George Keiser (ND)—serving as a Commission facilitator until formal leadership is organized—said, "On Friday afternoon, regulators and state legislators from around the country rolled up their sleeves and really got to work on building a strong SLIMPACT foundation. It was a very productive afternoon and the group informally completed Commission bylaws and its initial rulemaking rules. We hope to formalize these decisions on a conference call in two weeks when Commission members will also review and consider allocation proposals and other start-up duties responsibilities."

Members, legislators, and interested parties spent a large majority of the meeting examining several proposals to allocate forthcoming premium tax revenues among the states, including a Kentucky proposal designed to be consistent with existing broker practices. Other proposals based a state's market share of multi-state surplus lines insurance premiums and on a modified Schedule T form were also considered. SLIMPACT states will continue to examine these innovative ideas as we attempt to find a solution acceptable to regulators and affected parties. .

NCOIL Immediate Past President—and legislative sponsor of the nation's first SLIMPACT bill to be signed into law—Rep. Robert Damron (KY) said, "To be truly successful, the SLIMPACT Commission will need to approve allocation formulas that are simple, efficient, and based upon readily available data. The formulas should not impose additional burdens on an industry that succeeded in convincing Congress to approve the NRRRA as a means of simplifying and modernizing surplus lines regulation.

Regulators representing SLIMPACT states Alabama, Indiana, Kansas, Kentucky, Rhode Island, Tennessee and Vermont participated in-person at the July 15 meeting. New Mexico and North Dakota insurance regulators participated via conference call as compacting state representatives.

The SLIMPACT Commission meeting was held on July 15 in conjunction with the July 14 through 17 NCOIL Summer Meeting.

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.

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