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#### NCOIL ADOPTS P-C INSURANCE MODERNIZATION MODEL ACT

**Albany, New York, July 27, 2001** In a “decisive step” toward insurance regulatory modernization, the National Conference of Insurance Legislators (NCOIL) has adopted model legislation designed to streamline the state approval system of insurance policy rate and form filing.

          According to Louisiana Rep. Shirley Bowler, chair of the P-C Committee and sponsor of the *Property-Casualty Insurance Modernization Act*, the legislation would establish a less cumbersome regulatory system and would encourage competition, which many believe will result in lower premiums for consumers.  The model act would create a use-and-file rate regulatory system for personal lines of insurance, a no-file system for commercial lines, and exemption from rate and regulatory requirements for large commercial insurance providers.  The act would also, in an instance where a commissioner determined a market was non-competitive, set up regulatory authority to prohibit, among other things, price fixing.

          “The model,” Rep. Bowler said, “represents a decisive step to help states expand their markets, since time-consuming regulation tends to prevent growth.”  Testifying on June 21 before the House Financial Services Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises, Illinois Rep. Terry Parke, NCOIL president, confirmed that in his state, where an open market was instituted 30 years ago, rates are lower than they are in most other highly populated states. He said insurers are competing to do business in Illinois and noted the opposite is true in Massachusetts and New Jersey, states with excessive regulation.

          As prescribed in the NCOIL model, personal lines insurers would have 30 days after the effective date to file their rates and supplementary rate information.  Under the model, in a market determined to be non-competitive, insurers would have to file rates and related information no less than 30 days prior to the proposed effective date. For personal lines, the model only addresses rating.

          The model would waive rate and form regulation for commercial insurers working with large commercial policyholders, defined in the model as having “the size, sophistication, and insurance-buying expertise” to work with a commercial provider in a more unregulated environment.  Large policyholders exempt from regulation would need to meet certain criteria, including, for example, the number of a company’s employees and its net worth. Criteria would be established by the states.

          NCOIL based its model, in part, on a model bill before the American Legislative Exchange Council (ALEC). The new model follows and replaces NCOIL adoption of a commercial lines deregulation model act in 1999.  Since then, 21 states have instituted some form of commercial lines rate and form filing deregulation.

          Acting during the organization’s summer conference at the Hotel Inter-Continental in Chicago from July 10 through 15, the NCOIL Executive Committee, the organization’s main decision-making body, approved the insurance modernization model following its development in the NCOIL Property-Casualty Insurance Committee.

          The adoption responds to Congressional concern over what many consider the lengthy approval process for insurance products and prices. While discussing the act, legislators referenced remarks made by Rep. Richard Baker (R-LA) regarding the need to speed product and form approvals. In an opening statement made at the June 21 House Financial Services Subcommittee hearing, Rep. Baker, subcommittee chairman, said:  “The bottom line is that reform is needed and the clock is ticking.”

          The model, entitled the *Property/Casualty Insurance Modernization Act*, is available for review at www.ncoil.org.