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**NCOIL HEARING SET COURSE FOR SIGNIFICANT   
INSURANCE MARKET CONDUCT REFORM**

**Albany, New York, June 12, 2003**—The need for widespread insurance market conduct reform was affirmed at a recent Insurance Legislators Foundation (ILF) hearing that likewise found broad agreement on the need for state legislative and regulatory cooperation.  The Chicago hearing, held on a preliminary ILF report entitled *The Path to Reform—The Evolution of Market Conduct Surveillance Regulation*, set course for a comprehensive market conduct agenda aimed at reforming the current system and staving off federal intervention.

            According to ILF and National Conference of Insurance Legislators (NCOIL) President Rep. Kathleen Keenan (VT), the preliminary ILF report “responds to increased concerns expressed by insurers and by Congress that state insurance regulation is not working well in an increasingly global insurance marketplace.”  Rep. Terry Parke (ILF), ILF past president, agreed, later asking Nebraska Insurance Director Timothy Wagner: “Do you think there is a reality out there that it would be better for the NAIC and NCOIL to work together to present a system that will succeed rather than letting the federal government intercede?”

Director Wagner testified that “Clearly, we are very interested in working with NCOIL.  We are, in fact, allies; we are state regulation collectively.”

The ILF is NCOIL’s educational and research arm.

            Others who testified at the hearing were clear that a model law, as recommended in the ILF report, to establish a statutory basis for interstate cooperation, coordination, and communication regarding market conduct surveillance would best be developed by NCOIL.  According to David Reddick, market regulation manager with the National Association of Mutual Insurance Companies (NAMIC), “A model law of market conduct surveillance ultimately may be the best way in which to encourage state regulators to adopt a uniform process across the country.  The model outlined in the ILF report provides a good ‘starting point’ upon which to proceed….”

            Noting that “a model law could be a useful tool for bringing more uniformity among the market surveillance and exam procedures utilized by the states,” Donald Cleasby, assistant vice president and assistant general counsel with the National Association of Independent Insurers (NAII), said such a model should be drafted by NCOIL, rather than an organization such as the NAIC.  And Donald Walters, deputy executive director of the Insurance Marketplace Standards Association (IMSA), testified that “Development of a Model Law on Market Conduct Surveillance could prompt state insurance departments to take timely action with respect to modifying the manner in which market conduct regulation takes place today.”

            The preliminary ILF report, developed by James Schacht of Pricewaterhouse-Coopers and Robert Klein of Georgia State University, addresses current deficiencies in the present-day market-conduct system and recommends a holistic approach to market-conduct surveillance focusing on coordination between regulators and companies, and on self-policing and self-certification.  It follows the July 2000 release of *Insurance Market Conduct Examination: Public Policy Review*, the ILF’s first study on the issue.

            The preliminary report will be finalized for ILF consideration during the July 10 through 13 NCOIL Summer Meeting in Williamsburg, Virginia, at which time the ILF will refer the report to the NCOIL State-Federal Relations Committee.

            Those testifying at the hearing, held at the Hotel Inter-Continental on North Michigan Avenue, included James Schacht and Robert Klein; Laura Kersey of the American Insurance Association (AIA); Lenore Marema of the Alliance of American Insurers (AAI); James Tuite of State Farm Mutual Automobile Insurance Company; Scott Cipinko of the Life Insurers Council (LIC); Beth Brown, representing the American Council of Life Insurers (ACLI); Donald Walters of the Insurance Marketplace Standards Association (IMSA); and Bill Burfeind of the Consumer Credit Insurance Association (CCIA).

            The preliminary ILF report, as well as testimony from the hearing, is available at www.ncoil.org.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation.  Many legislators active in NCOIL either chair or are members of the committees responsible for insurance regulation in their respective state houses across the country.

            For further information, please call NCOIL at (518) 449-3210 or (202) 220-3014.

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