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**NCOIL TO DEVELOP MARKET CONDUCT MODEL LAW;   
SEEKS NAIC INPUT**

**New York City, June 23, 2003─**National Conference of Insurance Legislators (NCOIL) leadership said yesterday before the Executive Committee of the National Association of Insurance Commissioners (NAIC) that after more than four years of examination, NCOIL has concluded that a model law for market conduct reform is essential.  Rep. Kathleen Keenan (VT) and Sen. Steven Geller (FL), who serve as NCOIL president and vice president, respectively, delivered their remarks during the NAIC Summer Meeting in New York City.   Both legislators also hold the same positions on the board of the Insurance Legislators Foundation (ILF), NCOIL’s educational and research arm.

Rep. Keenan stated, “The NAIC’s efforts to improve market conduct regulation are laudable.  However, NCOIL believes that the development of a model law is necessary in order to create meaningful and lasting reform.  Without statutory underpinnings, interstate agreements or other initiatives to reform market conduct regulation will last only as long as the policymakers who signed it remain in office or until they change their minds.”

“NCOIL is committed to working with the NAIC on the development of comprehensive market conduct reform model legislation,” said Sen. Geller.  “The time to act is now, and we must do so without delay.  It is our hope that our two organizations can be partners in this important effort.”

Geller continued, “NCOIL feels strongly about the need for enactment of holistic market conduct statutes in the states and it will likely begin drafting model legislation shortly.  Such model legislation could include recommendations from the preliminary report, which include:

        domiciliary state primacy over market conduct regulation

        a national complaint database

        guidelines for imbedded insurer compliance programs

        CEO self-certification of compliance

        targeted market conduct exams

        recognition of and rewards for self-critical analysis

Keenan said that “The NAIC has taken a proactive approach to market conduct reform.  In fact, many NAIC initiatives closely track recommendations for improving market conduct regulation in the recent ILF preliminary report.

“Public policymakers involved in insurance regulation agree market conduct reform is a cornerstone of insurance regulatory modernization.  To that end, creating a more streamlined and uniform insurance market conduct regulatory regime has been a top priority for both the National Conference of Insurance Legislators (NCOIL) and the National Association of Insurance Commissioners (NAIC).  NCOIL and the Insurance Legislators Foundation (ILF) more than four years ago recognized the inefficiency and redundancy in market conduct regulation and set an aggressive path for reform.  Over that time, the ILF has produced two reports on the state market conduct system that have been touted as landmark reviews of this important regulatory function,” concluded Keenan.

The Phase I report, entitled *Insurance Market Conduct Examination Public Policy Review*, released in July 2000, was an in-depth analysis of the current market conduct regulatory structure.  The Phase II preliminary report, entitled *The Path to Reform – The Evolution of Market Conduct Surveillance Regulation*, identifies the shortcomings of the current market conduct regulatory structure and makes recommendations for improvements.

NCOIL is an organization of state legislators interested in insurance legislation and regulation.  Many state lawmakers active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective houses across the country.

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

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