



PRESIDENT: REP. FRANK WALD, ND
VICE PRESIDENT: SEN. ALAN SANBORN, MI
SECRETARY: REP. BRIAN KENNEDY, RI
TREASURER: SEN. JAMES SEWARD, NY
EXECUTIVE COMMITTEE CHAIR: REP. ROBERT DAMRON, KY

FOR IMMEDIATE RELEASE

CONTACT: Susan Nolan
Candace Thorson
NCOIL National Office
518-687-0178

NCOIL REASSERTS NEED FOR NATIONAL MEGA-CAT PROGRAM, DISCUSSES NAIC PLAN

Weston, Florida, March 1, 2006—Legislators at the National Conference of Insurance Legislators (NCOIL) Spring Meeting this past weekend reasserted NCOIL's long-standing support for a national mega-catastrophe program and outlined concerns with a regulator plan to establish a multi-layered cat system.

On February 25, the NCOIL Executive Committee adopted an amended version of its 2004 *Resolution Regarding Natural Disaster Insurance Issues*. The updated document recognizes the impact that Hurricane Katrina and other recent storms have had on the nation's economy and further commits NCOIL to pursuing a national disaster program.

The resolution makes clear that despite its repeated call for federal involvement in catastrophe issues, NCOIL still strongly supports state regulation over the business of insurance.

According to the resolution, an appropriate federal role would ensure that Americans have the opportunity to purchase adequate insurance to cover catastrophic losses. The resolution welcomes further dialogue between state legislators, regulators, Congress, insurers, and interested parties toward that end.

Regarding the NAIC mega-disaster plan, lawmakers at the Spring Meeting expressed strong concerns with elements of the proposal. During a February 23 Subcommittee on Natural Disaster Insurance Legislation meeting, Subcommittee Chair Sen. Steven Geller (FL) took issue with the possibility that the proposed NAIC system might lead to a net increase in consumer premiums as a result of the plan's proposed state fund system. He

said such an increase, which would be above and beyond standard marketplace rate increases, would be difficult to explain to consumers.

The Subcommittee also discussed, among other things, the absence of a state legislative role in the NAIC's proposed National Catastrophe Insurance Commission. The 11-member group would include four (4) regulators, with the remaining participants nominated by the NAIC.

The regulators' mega-catastrophe proposal would assign responsibility for disaster preparedness to the private market and consumers, state and/or regional catastrophe funds, and the federal government.

The NCOIL Spring Meeting was held at the Bonaventure Resort & Golden Door Spa in Weston, Florida, from February 23 through 26.

NCOIL is an organization of state legislators whose public policy concern 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.

For further details, please contact the NCOIL National Office at 518-687-0178.

#