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

PROMOTION OF MEGA-CATASTROPHE LEGISLATION, PRESERVATION OF STATE INSURANCE AUTHORITY TO TAKE STAGE AT NCOIL ANNUAL MEETING

Troy, New York, November 14, 2005— With Congress threatening to unravel decades of successful state insurance regulation, lawmakers at this week's National Conference of Insurance Legislators (NCOIL) Annual Meeting in San Diego, California, will work to secure enactment of a national mega-catastrophe program—the only appropriate federal role in insurance oversight—and to oppose congressional preemption initiatives. The Annual Meeting is scheduled for November 17 through 20 at the Hilton San Diego Resort.

NCOIL has long asserted that Congress should leave the business of insurance regulation to the states and should, instead, focus on the Federal Emergency Management Agency (FEMA) and on natural and other national disasters.

In recognition of the far-reaching impact that recent hurricanes (indeed, any mega-catastrophe) may have on the national economy, NCOIL committees, panel discussions, and a joint Task Force on Terrorism/Subcommittee on Natural Disaster Insurance Legislation meeting will examine, among other things, proposals for a **federal catastrophe program** that may include incorporating natural and man-made risks. FEMA, noted academic experts, and other interested parties will participate. NCOIL restructured its Annual Meeting schedule to allow for these crucial discussions.

The State Modernization and Regulatory Transparency (**SMART**) Act, optional federal charters (**OFCs**), and other federal preemption efforts will come under fire when NCOIL legislators take steps in San Diego to collaborate with other state officials and with federal lawmakers to oppose such initiatives. NCOIL, a staunch critic of the need for congressional “reform” of insurance oversight, asserts that such attempts would erode important consumer protections and threaten the \$12 billion states now collect in premium taxes.

According to NCOIL, states already are making great strides to **modernize their insurance markets** in order to respond to an increasingly competitive, global insurance environment.

The November 18 NCOIL State-Federal Relations Committee meeting will look at key reforms, including market conduct surveillance, an interstate insurance compact, rate modernization, and producer and company licensing. Forty-one states have enacted reciprocal producer licensing laws; 24 have passed rate deregulation; 18 have enacted laws implementing the interstate insurance compact for life, disability, annuity, and long-term care products; all have consumer privacy protections; and 26 have passed legislation based on the NCOIL credit scoring model act.

In the health insurance arena, NCOIL will investigate the impact of pending federal legislation regarding **interstate health insurance sales**. If enacted, the *Health Care Choice Act of 2005* would permit an insurance company to sell health insurance in all states while subjecting itself to regulation in only one state. This effectively would override a state's ability to oversee certain insurers operating within its borders. The bill has drawn opposition from various state officials.

Lawmakers at the Annual Meeting will monitor the progress of federal legislation that would authorize **Association Health Plans (AHPs)**. NCOIL has long opposed these plans, noting that their exemption from state insurance laws would deny consumers coverage and important protections and would lead to fraud and abuse. Further, according to NCOIL and other groups, AHPs would allow insurers to "cherry pick" the healthiest firms from these pools by offering low premiums, while charging firms with older and sicker workers premiums that far exceed what would be allowed under state small employer health reforms.

NCOIL committees also will look at the following issues, among others:

- credit (insurance) scoring
- aftermarket crash parts
- patient safety
- pharmacy benefit managers (PBMs)
- professional employment organizations (PEOs)
- finite insurance and reinsurance arrangements
- suitability of annuities
- application of Sarbanes-Oxley to privately held companies
- guaranty funds and solvency
- reinsurance collateral issues

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

Please contact NCOIL at 518-687-0178 should you have any questions.

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