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NCOIL TO REVISIT MARKET CONDUCT SURVEILLANCE MODEL LAW, CONSIDER TEXAS BILL

Washington D.C., November 14, 2005 — Lawmakers at the National Conference of Insurance Legislators (NCOIL) November 17 through 20 Annual Meeting in San Diego, California, will consider newly adopted Texas market conduct legislation as basis for potential revisions to an NCOIL-NAIC *Market Conduct Surveillance Model Law*.

The Texas *Insurance Market Conduct Surveillance Act* (S.B. 14) mirrors many aspects of the NCOIL-NAIC model but includes important differences, including limiting market conduct examinations to only those insurers headquartered in a state, limiting the information a commissioner may request from an insurer, and making all market conduct examination results private and not available to the public. A separate draft, representing consensus among the insurance industry, was turned down as basis for potential revisions in order to consider amendments more closely aligned with the adopted NCOIL-NAIC draft.

An NCOIL market conduct subcommittee, formed following the organization's Summer Meeting in July, has recommended that legislators consider issues related to the NCOIL and Texas bills and perhaps take more definitive action sometime next year. The Annual Meeting discussion is scheduled for November 18, during the 3:30 to 5:00 p.m. State-Federal Relations Committee meeting.

The joint model act would establish a framework for insurance department market conduct actions, including processes and systems for identifying, assessing, and prioritizing market conduct problems that have a substantial adverse impact on consumers, policyholders, and claimants. The new system would reduce inefficiency and redundancy found in the present market conduct regulatory scheme. NCOIL originally adopted the model on February 27, 2004, and, following additional regulatory input, amended it on July 16, 2004. The NAIC adopted the model on September 12, 2004.

The current model law represents the culmination of more than four years of NCOIL effort that began when the Insurance Legislators Foundation, NCOIL's research and educational arm, commissioned its first of two studies into market conduct regulation. These studies found, among other things, wide disagreement regarding the scope and purpose of market conduct examinations and little state market conduct coordination, leading to widespread and wasteful redundancies.

The NCOIL Annual Meeting will be held at the Hilton San Diego Resort in San Diego, California.

NCOIL is an organization of state legislators whose main area of focus 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.

For more information, please contact the NCOIL Washington Office at 202-220-3014.

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