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Contact:
Susan Nolan
NCOIL National Office
518-687-0178
Paul Donohue
NCOIL Washington Office
202-220-3014

NCOIL LEGISLATORS VOW TO PUSH MARKET CONDUCT REFORM: URGE NAIC TO SUPPORT EFFORTS

Washington, D.C., November 21, 2005 — The National Conference of Insurance Legislators (NCOIL) vowed to renew efforts for market conduct reform, a key element in its financial modernization package, at its Annual Meeting in San Diego, California. Legislators at a November 19 State-Federal Relations Committee/NCOIL-NAIC Dialogue meeting pressed for regulator support and discussed proposals to amend a joint NCOIL-NAIC *Market Conduct Surveillance Model Law* to facilitate its enactment in the states.

Among the proposals vetted at the meeting were Texas S.B. 14, the *Insurance Market Conduct Surveillance Act*, enacted earlier this year and sponsored by Rep. Craig Eiland (TX), then-NCOIL President; and a return to a model initially adopted by NCOIL in early 2004, which had broad industry support.

Legislators queried insurance regulators in attendance regarding lack of National Association of Insurance Commissioners (NAIC) advocacy of the model. The joint model act, adopted respectively by NCOIL and the NAIC in July and September 2004, has met with little success in the states due, in part, to lack of regulator support. NCOIL plans to reinvigorate dialogue between legislators and regulators at the NAIC December 2005 Winter Meeting in Chicago.

The Texas law mirrors many aspects of the NCOIL-NAIC model but includes important differences regarding information sharing and domestic deference. Rep. Eiland explained that his goal was "...not to change the model bill but to create a bill that would pass the legislature." He emphasized the importance of moving forward on modernization efforts.

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.

Legislators will continue to look for ways to improve the model law and will report on their progress at the NCOIL Spring Meeting in Fort Lauderdale, Florida, scheduled for February 23 through 26.

The 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.

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. More information is available at www.ncoil.org.

For further details, please contact the NCOIL Washington Office at 202-220-3014.

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