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CONTACT:       
  
Candace Frick  
Susan Nolan  
NCOIL National Office  
(518) 449-3210

**NCOIL READOPTS RATING MODEL LAW BY LANDSLIDE VOTE;**

**URGES STATES TO MODERNIZE**

**Albany, New York, November 24**─ State legislators who convened recently during the Annual Meeting of the National Conference of Insurance Legislators (NCOIL) took strong action to encourage modernization of state rate regulation, decisively readopting an NCOIL *Property/Casualty Insurance Modernization Act*.  The model is part of an integrated financial modernization package that would streamline the way states regulate insurance.

The model act, first adopted in July 2001, would establish a use-and-file rate regulatory system for personal lines of insurance; a no-file system for commercial lines; and an exemption from rate and regulatory requirements for sophisticated commercial insurance providers.  The model further would provide guidance on how to monitor an insurance marketplace.

NCOIL’s bylaws-required review of the rating model featured consideration of several proposed amendments that, in part, would have expanded a commissioner’s ability to disapprove a rate and/or to find a market non-competitive.

Following academic, regulatory, insurance industry, and consumer input, the NCOIL Property-Casualty Insurance Committee on November 21 voted 24 to 4 to readopt the model law without such amendment.  The only substantive change legislators made to the model was deletion of a provision exempting insurers from actions under other laws not dealing with insurance.

In addition, the Committee unanimously adopted a *Resolution in Support of Flex-Rating as an Interim Step toward Rate Regulation Based More on Open Competition*.  The resolution acknowledges both Congress’ push for state speed-to-market reforms and the fact that in states with strict rate regulation, the direct move to a use-and-file system, like that endorsed in the NCOIL *Property/Casualty Insurance Modernization Act*, may be difficult.  The resolution supports flex-rating as an interim step toward enactment of a more competition-based rate-regulatory system and resolves that NCOIL, prior to its 2004 Spring Meeting, will investigate ways to assist states interested in enacting flex-rating as a means to realizing more significant reforms.

The NCOIL Executive Committee later affirmed the actions of the P-C Committee.

NCOIL is an organization of state legislators whose primary interest is insurance legislation and regulation.  Many legislators active in NCOIL are chairs, vice chairs, or members of the committees responsible for insurance in their respective state houses across the country.

For more information, please contact the NCOIL National Office at (518) 449-3210.

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