

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS (NCOIL)

**Resolution Regarding Efforts to Make Insurer Receivership Model Act (“IRMA”)
Provisions Part of the NAIC Accreditation Standards**

Adopted by the NCOIL Executive Committee on July 22, 2006.

Sponsored by Rep. Frank Wald (ND) and Rep. George Keiser (ND)

WHEREAS, state legislatures have exclusive responsibility for establishing the public policies that govern the business of insurance and protect policyholders in their states; and

WHEREAS, each state has adopted a law establishing the procedures for liquidation of an insolvent insurance company; and

WHEREAS, insurance receivership law should provide a comprehensive statutory scheme that embodies a balanced approach to protecting policyholders, other creditors, and the public when an insurance company becomes insolvent; and

WHEREAS, policyholders, other creditors, guaranty associations, and the public would be best served by targeted, state-initiated improvements to existing insurance receivership laws, when necessary; and

WHEREAS, in December 2005, the NAIC adopted a new comprehensive model act for governing insurer receiverships known as the Insurer Receivership Model Act or “IRMA”; and

WHEREAS, the NAIC is currently working to incorporate IRMA standards into accreditation; and

WHEREAS, the Financial Regulation Standards and Accreditation Program of the National Association of Insurance Commissioners (NAIC) was established in the early 1990s to identify the fundamental components of oversight for adequate insurance solvency regulation and to evaluate insurance regulators’ authority, resources, and practices relating to solvency regulation; and

WHEREAS, insurance receivership law governs insolvency proceedings and is not a law directly related to solvency oversight; and

WHEREAS, NCOIL has historically had concerns regarding the implementation and enlargement of the accreditation system; and

WHEREAS, the benefits of IRMA are unclear, and its effect on the many parties to an insolvency may be significant; and

WHEREAS, the costs associated with IRMA may outweigh the proposed advantages and may be borne in large part by consumers;

NOW, THEREFORE, BE IT RESOLVED that NCOIL opposes including post-solvency receivership standards in the solvency-based accreditation system; and

BE IT RESOLVED that NCOIL opposes new NAIC efforts to truncate the process by which additional accreditation standards are exposed and adopted; and

BE IT RESOLVED that NCOIL will further investigate the overall merits of IRMA, including the need for any revisions; and

BE IT FURTHER RESOLVED that NCOIL will communicate its concerns regarding these issues to the NAIC and other interested parties and will take action as appropriate.