

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS
INSURANCE LEGISLATORS FOUNDATION BOARD MEETING
NEW YORK, NEW YORK
JULY 10, 2008
MINUTES

The Insurance Legislators Foundation Board of the National Conference of Insurance Legislators (NCOIL) met at the Marriott Marquis in New York City on Thursday, July 10, 2008, at 4:00 p.m.

Rep. Brian Kennedy of Rhode Island, president of the Board, presided.

Other members of the Board present were:

Rep. Robert Damron, KY
Sen. Alan Sanborn, MI
Sen. William J. Larkin, Jr., NY
Sen. James Seward, NY
Rep. Kathleen Keenan, VT

Other legislators present were:

Sen. Joseph Crisco, CT	Sen. Carroll Leavell, NM
Rep. Dennis Horlander, KY	Sen. Stewart Greenleaf, PA
Sen. Jerry Klein, ND	Rep. Charles Curtiss, TN
Rep. Frank Wald, ND	Rep. Gini Milkey, VT
Rep. Donald Flanders, NH	

Others present were:

Susan Nolan, NCOIL Executive Director
Candace Thorson, NCOIL Deputy Executive Director
Mike Humphreys, NCOIL Director of State-Federal Relations
Jordan Estey, NCOIL Director of Legislative Affairs & Education, Life, Health, and
Workers' Compensation Insurance

MINUTES

Upon a motion made and seconded, the Board voted unanimously to approve the minutes of its February 28, 2008, meeting in Washington, DC, and November 16, 2007, meeting in Las Vegas, Nevada.

ADMINISTRATION FINANCIAL REPORT

Upon a motion made and seconded, the Board adopted the 2007 year-end audited, and March 30, 2008, unaudited ILF financial statements.

STATE AUTHORITY STUDY

Rep. Kennedy said legislators had before them comments submitted on March 25 by the National Association of Attorneys General (NAAG) and on March 31 by the National Association of Insurance Commissioners (NAIC) regarding the ILF *Study on State Authority*. He said the comment letters responded to a 30-day comment period established by the Board at the 2008 Spring Meeting. The purpose of this timeframe, he said, was to give interested parties a chance to offer their thoughts on the study and its findings.

Rep. Kennedy noted that the study included specific recommendations for study implementation, related to:

- clarifying the roles of regulators and attorneys general and strengthening commissioners' authority
- regaining and enhancing legislators oversight of regulators and of the National Association of Insurance Commissioners (NAIC)
- requiring the NAIC to follow open meetings laws and precluding regulators from attending closed meetings
- strengthening state regulation through expansion of the Interstate Insurance Product Regulation Compact
- creating an independent commission of stakeholders to further review the current regulatory structure
- increasing NCOIL resources to accomplish these tasks by reallocating state NAIC assessments

STUDY EXTENSION

Rep. Kennedy said the Board had just received a memo from study co-author James Schacht of the Schacht Group regarding a proposed extension of the study. Ms. Nolan said the proposed extension was spurred by recent NAIC efforts to collect market conduct data through the solvency-related Annual Statement.

Ms. Nolan noted NCOIL concerns with the pace and substance of the NAIC plan, including the fact that legislators had not been given an opportunity to input on its development. Ms. Nolan said that examination of the NAIC market conduct proposal would correspond with the *Study on State Authority's* review of state regulatory powers.

The Board discussed the possibility of a study extension. Rep. Damron inquired as to the cost of a new report and the ILF's ability to cover such an expense. Ms. Nolan said that the estimated cost was \$30,000..

Upon a motion made by Sen. Larkin and seconded by Sen. Seward, the Board voted via voice vote to authorize Ms. Nolan to pursue funding for the study extension, with a goal of having a completed report available by the 2008 Annual Meeting. Rep. Keenan abstained.

Ms. Nolan said that new study could review particular state laws regarding delegation of authority for annual financial, as well as for market conduct, statements.

Ms. Nolan said that the new study could encompass a brief history of the annual financial statement for solvency surveillance and of the market conduct annual statement (MCAS). She said the report could give background on the current NAIC MCAS proposal and could review the NAIC exposure and comment process, as well as analyze the relationship between the MCAS plan and H.R. 5840.

Rep. Keenan asked about NCOIL's relationship with attorneys general. Rep. Kennedy and Rep. Damron overviewed outreach to their respective AGs. Rep. Damron commented that he expected that NCOIL and NAAG could work together in opposition to an Office of Insurance Information (OII), and he addressed issues regarding attorney general attendance at NCOIL meetings. Sen. Seward also voiced support for fostering strong ties with NAAG.

Legislators then discussed issues related to the NAIC's status as a 501(c)(3) organization and its work with Congress, among other things.

OTHER BUSINESS

Rep. Damron expressed concern that state budget shortfalls would limit the ability of some legislators to attend NCOIL meetings. He said it would be appropriate for the ILF Board to work with interested parties over the next six to twelve months to help promote scholarship opportunities for legislators, particularly for insurance committee chairs. He said the issue was a priority and questioned whether a resolution regarding enhanced scholarship efforts was appropriate. Rep. Kennedy said the item would be added to the agenda for the Annual Meeting.

Legislators then discussed state-specific budgetary challenges.

ADJOURNMENT

There being no further business, the meeting was adjourned at 4:45 p.m.