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            Washington, D.C., June 21, 2001 -- State legislators will do what they need to do to modernize the policy and rate approval process of state-based insurance regulation, a leading state lawmaker told a key Congressional Committee here today.

            Illinois State Rep. Terry Parke (R-Schaumburg and Elk Grove), President of the National Conference of Insurance Legislators (NCOIL) and Minority Spokesperson on the Illinois House of Representatives Insurance Committee, said that NCOIL supports voluntary efforts "to speed and synergize" state approval processes.  But, the NCOIL legislator said, he recognizedthat states may have to movebeyond voluntary measures to respond to "powerful technological and competitive forces" that now challenge the state-by-state system.

            Rep. Parke testified before a hearing of the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises of the U.S. House of Representatives Financial Services Committee in the Rayburn House Office Building.

            The NCOIL President noted NCOIL's support for a plan being tested by the National Association of Insurance Commissioners (NAIC).  He said that plan to establish one-stop-shopping for policy form and rate approvals, known as the Coordinated Advertising Rate and Form Review Authority (CARFRA),  "deserves every reasonable chance." At the same time, he identified two very different alternatives should CARFRA prove unworkable.

            Rep. Parke said that one alternative would be for the states to establish an entity that would have "absolute authority" to make "fast, effective and final decisions" with regard to premium rates and policy forms.  He said "the success of such an entity would lie in its capacity to speed products to world as well as Main Street markets."

            The creation of such an entity would not be the only alternative to CARFRA, Rep. Parke said.  He said states could also consider letting market forces determine pricing and product quality, if linked to strong regulation of sales and claims practices.  He told the Committee that such a system had been in place and working well in Illinois for 30 years.  He said that Illinois auto and homeowners insurance rates compare favorably with other states with large populations and heavily trafficked urban centers.  He also said the state has established an extensive system for regulating conduct in the insurance marketplace.

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[**Rep. Parke's testimony.**](http://www.ncoil.org/news/ParkesTest.htm)