

**FOR ADVANCE RELEASE**

**CONTACT:**SUSAN NOLAN
NCOIL Deputy Executive Director
NCOIL National Office
 (518) 449-3210

 TIM TUCKER
NCOIL Director of State-Federal Relations
NCOIL Washington Office
(202) 220-3014

**STATE LEGISLATORS TO HOLD HEARING ON NEW**

**MARKET CONDUCT REPORT**

**Albany, New York, June 4**– State lawmakers will discuss sweeping changes to insurance market-conduct surveillance at a Friday, June 6 Insurance Legislators Foundation (ILF) hearing on a recently released preliminary report entitled *The Path to Reform—The Evolution of Market Conduct Surveillance Regulation*.  The ILF, a research and educational arm of the National Conference of Insurance Legislators (NCOIL), will hear testimony from a variety of experts convened at the Hotel Inter-Continental, 505 North Michigan Avenue, Chicago, Illinois, from 1:30 to 4:00 p.m.

Rep. Kathleen Keenan (VT), president of the ILF and NCOIL, said the report addresses current deficiencies in the present-day market-conduct system and recommends a holistic approach to market-conduct surveillance focusing on coordination between regulators and companies, and on self-policing and self-certification.  She said that Rep. Terry Parke, an ILF past president, first presented the preliminary report in testimony before the U.S. House of Representatives Subcommittee on Oversight and Investigations on May 6.

Witnesses representing regulatory, insurance-industry, and other interests will comment at the ILF hearing on the reports’ recommendations, which include:

                Vesting the domiciliary state with primary responsibility for performing market conduct surveillance

                Self-certifying of compliance by insurer CEOs

                Conducting mandatory periodic dialogues between compliance officers of insurers and market conduct regulators to discuss relevant new laws and regulations and their interpretation

                Embedding market conduct surveillance into other regulatory functions

                Creating a National Market Conduct Oversight Committee to maximize interstate communications, cooperation, and coordination

                Encouraging state adoption of the model statute to protect the confidentiality and privileged status of self-evaluation audits and independent assessments

                Rewarding companies that participate in independent standard-setting and assessment programs

                Enhancing the NAIC National Complaint Database

The preliminary report was developed by James Schacht of Pricewaterhouse-Coopers and Robert Klein of Georgia State University.  It follows the July 2000 release of *Insurance Market Conduct Examination: Public Policy Review*, the ILF’s first study on the issue, which found, among other things, a wide disparity regarding the purpose of market conduct examinations; an absence of separate market-conduct examination units in many state insurance departments; and a significant state-by-state discrepancy in the training of market-conduct examiners.

The current ILF preliminary report is available on the NCOIL Web site at [www.ncoil.org](http://www.ncoil.org/).  Hard copies are available for a $75 shipping-and-handling fee by contacting the NCOIL National Office at (518) 449-3210.

The ILF Board includes Rep. Kathleen Keenan (VT), president; Sen. Steve Geller (FL), vice president; Rep. Craig Eiland (TX), secretary-treasurer; and members Assem. Clare Farragher (NJ), Rep. Brian Kennedy (RI), Sen. Bill Larkin (NY), Rep. Terry Parke (IL), Sen. Harvey Tallackson (ND), and Rep. Frank Wald (ND).

NCOIL is an organization of state legislators whose main area of public policy concern is insurance legislation and regulation.  Many legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country.

#                    #                    #

M:/NCOIL/2003 Documents/3967.doc