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**NCOIL TO ACT ON RATE MODERNIZATION AT ANNUAL MEETING**

**Albany, NY, November 6**─State legislators will address one of the most pressing speed-to-market reforms that Congress has identified when the National Conference of Insurance Legislators’ (NCOIL) Property-Casualty Insurance Committee convenes on November 21 to review the NCOIL *Property/Casualty Insurance Modernization Act*.   The model law would modernize the ways states approve property-casualty insurance rates.  Central to Committee discussion will be consideration of proposed amendments to the model, as well as a proposed resolution regarding state adoption of flex-band rating laws.

      The NCOIL model act, adopted originally in July 2001, would establish a use-and-file rating system for personal lines of insurance, a no-file system for commercial lines, and an exemption from rate and form-filing requirements for policies sold to sophisticated commercial insurance buyers.  The model further would offer guidance on how to monitor an insurance marketplace.

      In preparation for the Committee’s bylaws-required review of the model act during the NCOIL Annual Meeting in Santa Fe, New Mexico, NCOIL sought input from various interested parties—including legislators, regulators, consumers, and insurance industry and agent representatives—and subsequently drafted proposed amendments to the model in the areas of:

        Exempting insurers from action under separate state laws not dealing with insurance

        Requiring informational rate filings for commercial-lines policies not required to file rates

        Providing remedies for policyholders whose rates were deemed excessive or unfairly discriminatory

        Expanding an insurance commissioner’s ability to find a market non-competitive

      Responses from interested parties also indicated interest in addressing state consideration of flex-band rating laws, such as those adopted in South Carolina and Louisiana.  A proposed *Resolution in Support of Flex-Rating as an Interim Step toward Rate Regulation Based More on Open Competition*, sponsored by Sen. David Bates (RI), acknowledges the difficulty that states with strict regulation may face when moving directly to a use-and-file approach, and supports enactment of flex-rating as a means to more competition-based regulation.  The resolution further commits NCOIL, prior to its 2004 Spring Meeting in San Antonio, Texas, to investigate ways of guiding states interested in flex-rating.

      According to Rep. George Keiser (ND), Committee chair and sponsor of the proposed amendments, “Legislators have made a concerted effort to understand the many issues surrounding rate reform in the states and plan to take informed action during the NCOIL Annual Meeting.  It is clearer than ever before that we must offer states a market-driven model that serves both consumers and insurers well, and that we must not hesitate to make the tough decisions that will result in real rate modernization.”

      The P-C Committee will meet on Friday, November 21, from 7:00 to 9:45 a.m. at the Eldorado Hotel in Santa Fe, New Mexico.  The proposed amendments, as well as the flex-rating resolution and the current NCOIL model act, now are available on the NCOIL Web site, [www.ncoil.org](http://www.ncoil.org/), under Upcoming Meetings/30-Day Meeting Material.

      NCOIL is an organization of state legislators whose main public policy interest 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.

      Please contact the NCOIL National Office at (518) 449-3210 should you have any questions.

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