#### NATIONAL CONFERENCE OF INSURANCE LEGISLATORS RESOLUTION IN SUPPORT OF REPEALING SURPLUS LINES LICENSING BONDS

***Adopted by the NCOIL State-Federal Relations and Executive Committees on November 16, 2001.***

WHEREAS, the federal Gramm-Leach-Bliley Act (the "Act") enacted in 1999 requires uniformity or reciprocity among states in connection with insurance agent and broker licensing requirements; and

WHEREAS, under the Act's provisions if 29 states do not enact laws to establish licensing uniformity or reciprocity, provisions of the Act that will create a federal licensing system, preempting state law, will go into effect; and

WHEREAS, the NAIC has adopted a Model Producer Licensing Act in an attempt to comply with the reciprocity provisions of the Act; and

WHEREAS, the surplus lines licensing bond requirement mandated by some states and not by others represents an impediment to reciprocal licensing and, correspondingly, may lead to federal preemption of states' rights to regulate in the area of insurance broker licensing; and

WHEREAS, the surplus lines bond requirement presents a cumbersome bond application process, entails undue financial and time expenses, and runs contrary to the Act's intent to streamline the licensing process; and

WHEREAS, the surplus lines bond requirement no longer serves a legitimate function as the claim history on such bonds is negligible and insurance regulators have more effective and efficient mechanisms in the licensing area by which to protect consumers;

NOW, THEREFORE, BE IT RESOLVED, that NCOIL endorses the repeal of surplus lines licensing bond requirements and urges member legislators to amend their respective states' laws accordingly; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that NCOIL urges the NAIC to amend its Producer Licensing Model Act to reflect the repeal of the surplus lines licensing bond requirement.