

NCOIL to Focus on Annuity Suitability in 2011

As part of their ongoing effort to safeguard life insurance consumers, NCOIL lawmakers will explore—beginning at the March 4 through 6 NCOIL Spring Meeting—annuity suitability reforms in 2011. The Life Insurance Committee, acting on a new charge, will look at possible legislative and regulatory models and consider opportunities for federal funding to address allegations of unsuitable sales practices that continue to capture national attention.

During a November 2010 State Leaders Summit, held during the NCOIL Annual Meeting, state insurance and securities regulators pointed to increasingly complex retirement products as opportunities ripe for abuse. Calling on their legislative colleagues to enact change, the regulators encouraged passage of a revised National *(cont. on page 3)*



inside this issue

NCOIL to Vote on Workers' Comp Trucking, Courier Model **P.2**

NCOIL Readies Balance Bill Model **P.3**

In Memory: Eleanor Barrett **P.3**



REGISTER NOW FOR THE MARCH 4 – 6 DC SPRING MEETING!

NORTH DAKOTA, KENTUCKY LEAD THE WAY IN ADVANCING SLIMPACT

North Dakota lawmakers kicked off a flurry of national *Surplus Lines Insurance Multi-State Compliance Compact (SLIMPACT)* activity on February 7, when the House Industry, Business & Labor Committee—chaired by NCOIL President Rep. George Keiser—became the country's first legislative body to advance the compact. The Kentucky House Banking & Insurance Committee came in a close second, passing SLIMPACT on February 9 and building on developing SLIMPACT momentum.

Rep. Keiser said, “[States] need to work quickly to hit the ten-state tipping point to get the Compact Commission up and running. SLIMPACT—unlike any other

surplus lines multi-state proposal—enjoys widespread support from major legislative and industry associations that could push it across the finish line.”

NCOIL Past President Rep. Robert Damron, who sponsored SLIMPACT in Kentucky, asserted, “Our success in gaining widespread adoption of SLIMPACT, while beneficial from a state revenue perspective, should also help ward off future federal intervention in state insurance markets.”

SLIMPACT bills introduced by Sens. Ann Cummings and Delores Kelley were also highlighted in committee hearings in Vermont and Maryland, respectively, during the week of the seventh, and SLIMPACT is in queue in several additional states. *(cont. on page 4)*

NCOIL LAWMAKERS SCHEDULE STATE LEADERS SUMMIT

Reaffirming a need for dialogue between state government officials, NCOIL has called a March 4 *State Leaders Summit on Federalism* to discuss state-federal relations and financial modernization efforts. The Summit—to be held during the March 4 through 6 NCOIL Spring Meeting in Washington, DC—follows an inaugural event in November and looks to reconvene leaders representing the three branches of government.

According to NCOIL President Rep. George Keiser (ND), “With a new Congress in Washington, it is incumbent on state leaders to decide where and how we can work together to promote effective and efficient state oversight. The states, for generations, have fostered vibrant financial markets and must continue to work together to ensure strong protections and consistent regulation that benefits both consumers and insurance industries. Collaboration is *(cont. on page 2)*

NCOIL...

(cont. from page 1)

critical if we are to forestall federal intervention and close regulatory gaps—real or perceived.”

NCOIL Immediate Past President Rep. Robert Damron (KY) noted that “Our inaugural summit in November was critical in promoting **necessary state surplus lines reform** and laid the groundwork for continued state consensus on critical insurance issues. Our efforts are encouraging state adoption of a **Surplus Lines Multistate Compliance Compact (SLIMPACT)** and promoting state compliance with the Dodd-Frank Act. We believe that future summits will provide similar opportunities to **coalesce around state-based solutions**

to national regulatory issues.”



The summit will look at state financial modernization opportunities, regulatory responsibilities post-Dodd-Frank, and state **concerns regarding the 112th Congress**, among other items.

The upcoming event will take place from 12:45 to 2:15 p.m. on Friday, March 4, at the Washington Hyatt Regency on Capitol Hill. ■

NCOIL Gears up for March Vote on Workers' Comp Truckers, Couriers Model

To remedy a growing concern over who should be covered by workers' comp in the trucking and courier industries, NCOIL will vote on a proposed *Trucking and Messenger Courier Industries Workers' Compensation Model Act* at its upcoming DC Spring Meeting. Legislators hope the model will ensure benefits for injured workers, lower costs for employers and businesses, and give direction to regulators and judges.

The model, which was developed over the course of a year, would set clear rules for determining who is an independent contractor and thus exempt from state workers' comp laws. The proposed bill would create six statutory “tests” related to equipment ownership, operating responsibilities and costs, compensation, control over the work performed, and contracts in order to determine actual independent contractor status. Under the model, people who fail to meet all six standards are considered employees subject to

workers' comp protections.

Before taking final action, NCOIL will debate language on who exercises control over work performed by truckers and couriers. Certain interested parties support stronger review standards in an effort to prevent abuse,

while other parties say that the issue is a private contract matter. Legislators will look to ensure that employees receive the benefits they deserve without unfairly burdening employers.

NCOIL has been working with state insurance and workers'

comp regulators, as well as with the American Trucking Association, Dart Transit Company, FedEx, International Brotherhood of Teamsters,

Messenger Courier Association of America, National Council on Compensation Insurance, National Employment Law Project, Property Casualty Insurers Association of America, and United Parcel Service.

Recent efforts build on 2009 NCOIL review of construction industry work-



ers' comp. After extensive debate, legislators adopted a model act that sought standards for employee coverage in that industry. ■



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NCOIL to Focus...

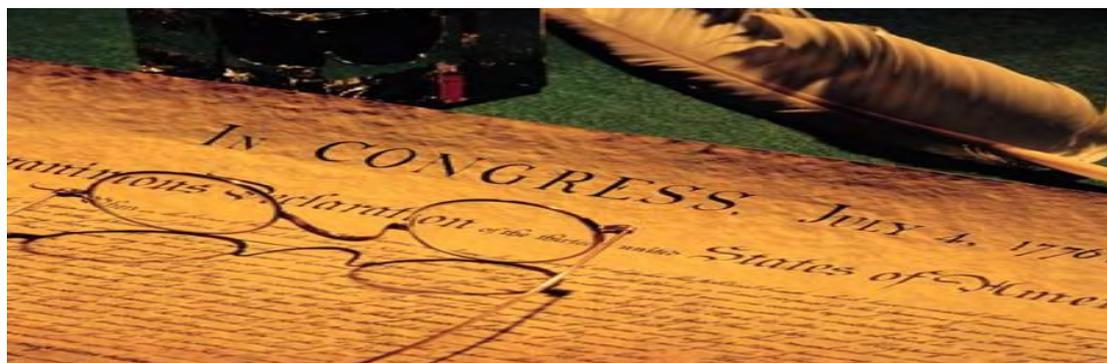
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Association of Insurance Commissioners (NAIC) *Suitability in Annuity Transactions Model Act*, as well as adoption of new NAIC and North American Securities Administrators Association (NASAA) rules on the use of misleading “senior expert” designations.

The NAIC model—which underwent major changes in 2010—**makes insurers responsible** for appropriate product sales by reviewing producer recommendations and increases training and education requirements for brokers and agents. NAIC/NASAA model regulations would also ban use of deceptive “senior-specific” sales titles when advising senior life insurance and annuity consumers.

Enactment of the regulatory proposals, regulators noted, is **necessary for states to access up to three \$500,000 per-year grants** offered through a just-created federal Consumer Financial Protection Bureau (CFPB). The funds are allocated to help states increase oversight and enforcement.

Legislators at the NCOIL Spring Meeting in DC will, specifically, review **emerging state reform initiatives** and determine how NCOIL should proceed in the coming year. ■



NCOIL Readies Balance Billing Model, Plans March Spring Meeting Vote

Aiming to protect healthcare consumers from unexpected balance bills, state insurance legislators are readying a draft model act in time for a final vote at the March NCOIL Spring Meeting in Washington, D.C. Action on a proposed *Healthcare Balance Billing Disclosure Model Act* would culminate two years of intense NCOIL work and provide states with guidance during 2011 sessions.

The model—which would modernize

transparency and disclosure in the healthcare delivery system—would place requirements on healthcare facilities, insurance plans, and facility-based providers. Among other things, it would establish pre-and post-treatment disclosures about insurance networks and balance billings.

NCOIL legislators will fine-tune the draft model during a late-February conference call, in which lawmakers will scrutinize and vote on still-outstanding amendments. The Committee needs to make final determi-

nations on definitions that are key to the success of the model, such as facility-based provider and provider network, to ensure that the bill applies to the appropriate entities.

Extensive NCOIL efforts to strengthen consumer protections include a 2009 special session and several conference calls with stakeholders such as the American College of Emergency Physicians (ACEP), America's Health Insurance Plans (AHIP), American Hospital Association (AHA), and American Medical Association (AMA). (cont. on p. 4)

IN MEMORY: ELEANOR BARRETT

NCOIL mourns the recent passing of **Eleanor Barrett**, a well-known face at NCOIL meetings whose insightful reporting for A.M. Best, among her other successful insurance endeavors, was a credit to her profession. Eleanor was a pleasure to work with, and her conversation was always warm and engaging. We looked forward to seeing her at our meetings, and we will miss her in years to come.





NCOILetter

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NORTH DAKOTA

NCOIL leaders Sens. Vi Simpson and Travis Holdman introduced SLIMPACT in Indiana, and NCOIL Past President Rep. Brian Kennedy and Sens. Dave Bates and William Walaska, along with numerous cosponsors, have introduced it in RI. Legislation also is being developed in Alabama, Connecticut, New York, Tennessee, and Texas.

“NCOIL appreciates the efforts of all of our legislative colleagues that have introduced SLIMPACT,” Rep. Keiser said. “SLIMPACT, once operational, will ensure

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The draft model—which builds on Texas and Louisiana laws as well as other state activity—was developed by an NCOIL Subcommittee in 2010 and sent to the full Health Insurance Committee last November.

Balance billing occurs when doctors charge their patients any unpaid medical bills after insurer reim-

(cont. from page 1)

bursement. It is most common when doctors do not participate in the same networks as the hospitals in which they practice. ■

that member states receive their fair share of surplus lines premium tax revenue, while addressing any state solvency concerns through uniform eligibility standards developed by the Commission.”

The NCOIL State-Federal Relations Committee will review surplus lines activity—including a joint NCOIL/NCSL/CSG letter to Congress urging extension of the Dodd-Frank Act’s surplus lines provisions—during the upcoming NCOIL Spring Meeting. ■

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