ISSUE 2011

# NCOILETTER

## NCOIL to Chart Path on Health Exchanges

States under pressure to create new markets where individuals and employers can purchase health insurance can seek guidance on July 14 during a twopart NCOIL Summer Meeting symposium in Newport, RI. The event-NCOIL's latest effort to navigate the Patient Protection & Affordable Care Act (PPACA) health exchange requirement-will delve into how states are building their exchanges and how they might overcome operational challenges.

Part one of the NCOIL symposium, entitled Against the Clock: How are States Planning Their Health Exchanges?, will look at what states are doing to address governance and financing, operation and design, and needed interplay between state insurance, health, and other agencies. The session will also examine how large employer plans, small (cont. on page 2)



#### inside this issue

NCOIL Targets Annuity Protections for Seniors P.2

Legislators, Experts to Assess Dodd-Frank Fallout P.3

NCOIL SUMMER MEETING: **Charting States' Way Through** Federal Reform P.3

> **COME TO NEWPORT!** SIGN UP FOR THE JULY SUMMER MEETING!

#### NORTH DAKOTA JOINS SLIMPACT: OTHER STATES MOVE TO JOIN LINE-UP

A Surplus Lines Insurance Multi-State Compliance Compact (SLIMPACT) continues to make headway around the country as North Dakota joins Kentucky and New Mexico in the growing compact. NCOIL President Rep. George Keiser guided H.B. 1123 through the legislative process and Governor Jack Dalrymple signed the bill on April 19building SLIMPACT's critical mass in the states.

The NCOIL President said, "With North Dakota on board, and Indiana and others in line to join, we are well on our way to achieving the ten-state SLIMPACT threshold to begin operations. We have set the bar high to ensure widespread participation in the development of uniform rules and important allocation formulas and ... we are optimistic that we will meet our goal."

Rep. Keiser added that "The states, collectively, must

take action if we are to continue receiving our fair share of surplus lines premium tax. Legislators from around the country, and representatives of major national organizations comprising state legislators. have rallied behind SLIMPACT. The compact has



NCOIL President Rep. George Keiser (ND)

also been supported by numerous industry interests, who view SLIMPACT as the only

(cont. on page 4)

#### STATE OFFICIALS CONTINUE QUEST TO MODERNIZE

On April 21, NCOIL President Rep. George Keiser (ND) invited officials from across state government to a July 15 State Leaders Summit-the third in a series of forums that seek unity on modernizing state oversight. The regulatory reform meeting-of-the-mindsscheduled during the NCOIL Summer Meeting in Newport, Rhode Island-will hone in on financial services, life insurance, and health reform opportunities for consensus.

In his invitation to the 1:45 to 4:45 p.m. event, Rep. Keiser called on renewed summit participation from state legislator, regulator, governor, and AG organizations. He wrote that, "As state officials, we know that it is imperative for states to modernize to ensure a healthy financial services marketplace and forestall measures by Congress that might negatively impact our consumers and (cont. on page 2)

#### WWW.NCOIL.ORG

## NCOIL Targets Annuity Protections for Seniors

Following a March vote to support stronger annuity suitability standards in the states, NCOIL at its July Summer Meeting will continue its push for proper disclosures and sales of complex life insurance and annuity products. Specifically, legislators at the Newport meeting will look at the merits of National Association of Insurance Commissioners (NAIC)/North American Securities Administrators Association (NASAA) model rules aimed at shielding elders from fraud and abuse.

During a July 15 State Leaders Summit, insurance legislators



and heads of key state organizations will consider jointly supporting the NAIC/NASAA rules on **senior-specific certifications** and sales designations. The models—which respond to consumer complaints that sales professionals are using misleading titles such (cont. on page 3)

## NCOIL to Chart

group and individual markets, Medicaid, Medicare, and SCHIP can coexist, as well as concerns regarding agent access.

Invited speakers to the event, scheduled to take place from 1:30 until 3:30 p.m., include Andrew Allison (KS), president of the National Association of Medicaid Directors (NAMD); HHS Office of Insurance Exchange Director Joel Ario; Washington and Lee University Prof. Timothy Jost; Cheryl Smith of Leavitt Partners; John McDonough with the Harvard School of Public Health; and Commissioner Susan Voss (IA), president of the National Association of Insurance Commissioners (NAIC). A representative of the

## State Officials

industry." At the summit, he said, "we will continue our collaboration on crossjurisdictional regulatory issues that impact all of our states."

Recipients of the NCOIL invitation include leaders of the Conference of State Bank Supervisors (CSBS),



insurance industry also is anticipated.

A second session, entitled Navigating Exchanges: Operational Challenges and Innovator Answers, will weigh how exchanges



can reconcile eligibility, benefitshopping, and compliance and how they can integrate tons of state and federal data. The seminar scheduled from 3:30 to 4:45 p.m. will also analyze whether states can rely on existing technology, what

Council of State Governments (CSG), National Association of Attorneys General (NAAG), National Association of Insurance Commissioners (NAIC), North American Securities Administrators Association (NASAA), National Conference of State Legislatures (NCSL), and National Governors Association (NGA).

The July 15 agenda features discussion of a new federal systemic risk definition and related transparency concerns. Participants will also look at surplus lines reform, seniorspecific sales designations, and the

#### (cont. from page 1)

the reform means for third-party vendors, and what innovator states are achieving. Invited panelists include Bruce Caswell with Maximus Inc., Henry Chao with the U.S. Dept. of Health and Human Services (HHS), and representatives of early innovator states.

> Since the PPACA became law in early 2010, NCOIL legislators have explored the legislation's wide-ranging impacts over the course of three NCOIL conferences. PPACA requires that states

have their exchanges approved by HHS by 2013 or face federal preemption.

The Summer Meeting will take place from July 14 through 17 at the Newport Marriott.

#### (cont. from page 1)

latest National Association of Registered Agents and Brokers Reform Act (NARAB II) legislation. Tentatively slated for review is a just-released Joint Statement of Principles between the Consumer Financial Protection Bureau and a key NAAG working group.

After summits in November and March, NCOIL endorsed, respectively, a *Surplus Lines Insurance Multi-State Compliance Compact* (SLIMPACT)—later supported by CSG and NCSL—and an NAIC *Suitability in Annuity Transactions Model Regulation.* 



## Legislators, Experts to Assess Dodd-Frank Fallout

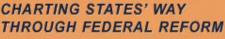
On July 14-just days before the Dodd-Frank Act's first birthday-a select panel of experts will gather at the NCOIL Summer Meeting to potential afterhash out effects of the controversial The Newport, Rhode law. roundtable, entitled Island, Dodd-Frank: Systemic Risk, Transparency, and the State-Federal Dynamic, is the latest in a progression of NCOIL sessions shining light on the

law's insurance impacts.

Invited to the event are Missouri Insurance Director and Financial Stability Oversight Council (FSOC) member John Huff and Illinois Insurance Director Michael McRaith who will soon take reins as the nation's first Director of the Federal Insurance Office (FIO). Robert Gordon, a senior vice president at the Property Casualty Insurers Association of America (PCI), is confirmed, and other insurance experts may join the line-up. Lawmakers and panelists will focus on new FSOC systemic risk rules and discuss whether insurers may be subject to heightened regulation by the Federal Reserve Board. The session will look at interaction between FSOC, FIO, and a web of other federal and state agencies, at whether more transparency is needed, and at how Feds will handle non-public data.

The 9:30 to 11:00 a.m. roundtable follows a March 5 session on the Office of Financial Research and Consumer Financial Protection Bureau.







Wall Street Reform & Consumer Protection Act

National Conference of Insurance Legislators

#### NCOIL SUMMER MEETING JULY 14 - 17, 2011 NEWPORT, RHODE ISLAND



How should states move on:

- · Dodd-Frank and NRRA surplus lines reform
- health exchange development & operation
- annuity suitability & consumer protections
- medical loss ratios and role of agents
- risk retention groups & exemptions
- · cross-border workers' comp challenges
- · clarifying role of certificates of insurance
- state responses to federal pension legislation
- · trade agreements and impact on state RX choice

Register now at www.ncoil.org. Host hotel rooms limited!

## NCOIL Targets...

(cont. from page 2)

as "senior specialist," among others—would regulate what titles can be used during life insurance, annuity, and security sales or solicitations.

A Life Insurance & Financial Planning Committee meeting, also on July 15, will probe the what's and why's of the model standards. The discussion will highlight how the models rules



would impact the existing marketplace and what happens if states don't respond.

The NAIC/NASAA models are particularly noteworthy given their acknowledgement in the Dodd-Frank Act. Under the 2010 law, a new Consumer Financial Protection Bureau can give each state up to \$500,000 per year, for three consecutive years, to enhance senior protections. In order to apply, a state must use standards that at least equal the NAIC/NASAA benchmarks, as well as those in a 2010 NAIC Suitability in Annuity Transactions Model Regulation.

In March, NCOIL supported the 2010 version of the NAIC suitability model, which heightens insurer and agent responsibility and accountability, among other things.



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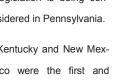
sponsored by NCOIL Past President Rep. Robert Damron (KY) and NCOIL President -Elect Sen. Carroll Leavell (NM) were signed on March 16 and April 8, respectively.

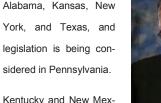
Kentucky and New Mexico were the first and second states to enact

SLIMPACT when bills

sidered in Pennsylvania.

Bills also are pending in







NCOIL President-Elect

Sen. Carroll Leavell (NM)

which passed it on April 27. In Rhode Island, NCOIL Past President Rep. Brian Kennedy guided SLIMPACT through his House Committee on April 27. His colleagues Sen. David Bates and William Walaska introduced SLIMPACT in the Senate.



## **NCOILetter**

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The Vermont House Commerce & Economic Development Committee-led by NCOIL Executive Committee member Rep. Bill Botzow-acted unanimously just two days later to send SLIMPACT to the full chamber,

SLIMPACT, others were cuing up to be next. The Indiana Senate, acting on April 19, approved Housepassed SLIMPACT legislation originally co-sponsored and advanced through the Senate by NCOIL Vice President Sen. Vi Simpson and by NCOIL International Insurance Issues Committee Chair Sen. Travis Holdman. In Tennessee, again on the nineteenth, companion bills sponsored by NCOIL Secretary Rep. Charles Curtiss and by Sen. Bill Ketron cleared their respective House and Senate insurance-related committees.

### NORTH DAKOTA

mechanism that appropriately responds to Dodd-Frank."

At the same time that the Peace Garden State joined

(cont. from page 1)