

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS
EXECUTIVE COMMITTEE
SAN DIEGO, CALIFORNIA
NOVEMBER 19, 2005
DRAFT MINUTES

The Executive Committee of the National Conference of Insurance Legislators (NCOIL) met at the Hilton San Diego Resort in San Diego, California, on November 19, 2005, from 11:15 a.m. to 12:30 p.m.

Rep. Craig Eiland of Texas, NCOIL President, presided.

Other members of the Committee present were:

Rep. Donald Brown, FL
Sen. Steven Geller, FL
Rep. Pat Patterson, FL
Rep. Bill Brady, IL
Rep. Terry Parke, IL
Sen. Ruth Teichman, KS
Sen. Thomas Buford, KY
Rep. Robert Damron, KY
Rep. Joe Hune, MI
Sen. Alan Sanborn, MI
Rep. Fulton Sheen, MI
Sen. Bob Dearing, MS
Sen. Pamela Redfield, NE
Rep. Donald Flanders, NH
Sen. Carroll Leavell, NM
Assem. Nancy Calhoun, NY
Assem. Ivan Lafayette, NY
Sen. William Larkin, Jr., NY
Sen. James Seward, NY
Sen. Harvey Tallackson, ND
Rep. Frank Wald, ND
Rep. Robert Godshall, PA
Sen. David Bates, RI
Rep. Brian Kennedy, RI
Sen. William Walaska, RI
Rep. Gene Seaman, TX
Rep. Larry Taylor, TX
Del. Harvey Morgan, VA
Sen. Ann Cummings, VT
Rep. Kathleen Keenan, VT
Rep. Virginia Milkey, VT
Del. J. D. Beane, WV

Other legislators present were:

Sen. William Haine, IL
Rep. Edward Gaffney, MI
Rep. Leslie Mortimer, MI

Others present were:

Susan Nolan, Nolan Associates, NCOIL Executive Director
Candace Thorson, NCOIL Director of Legislative Affairs and Education, Property-Casualty Insurance
Paul Donohue, NCOIL Director of State-Federal Affairs
Erik Olson, NCOIL Director of Legislative Affairs and Education, Health, Life, and Workers' Compensation

MINUTES

Upon a motion made and seconded, the Committee voted unanimously to approve the minutes of its July 8, 2005, Committee meeting in Newport, Rhode Island.

ANNOUNCEMENT

Upon a motion made and seconded, the Committee unanimously voted to officially promote Candace Thorson to the position of NCOIL Deputy Executive Director.

NEW EXECUTIVE COMMITTEE MEMBERS

Upon a motion made and seconded, the Committee voted to add the following new members to the Executive Committee:

Sen. William Haine, IL
Rep. Michael Ripley, IN
Rep. Leslie Mortimer, MI
Rep. Edward Gaffney, MI
Assem. William Barclay, NY

FINANCIALS

Ms. Nolan presented members with the 2005 financial statement information. She indicated the financial condition of NCOIL had improved over the past year.

BUDGET COMMITTEE REPORT

Rep. Keenan presented the Budget Committee report, a copy of which was distributed to members. She drew attention to its highlights. Upon a motion made and seconded, the Committee unanimously adopted the report.

NON-CONTROVERSIAL CALENDAR

Upon motions made and seconded, the Committee unanimously adopted the following non-controversial items:

Property-Casualty Insurance Committee: *Resolution Regarding Motor Vehicle Crash Parts
Readoption of NCOIL Model Act Regarding Use of
Credit Information in Personal Insurance*

P-C and Health Insurance Committees: *Patient Safety Model Act*

COMMITTEE REPORTS

FINANCIAL SERVICES & INVESTMENT PRODUCTS COMMITTEE

Committee Chairman Rep. Joe Hune (MI) delivered the Committee's report. He noted that the Committee:

- Discussed Hurricane Katrina's effect on financial services markets
- Discussed the subject of payday lending
- Received an update and discussed issues surrounding the application of the Sarbanes-Oxley (SOX) Act to non-public insurers

HEALTH INSURANCE COMMITTEE

Mr. Olson delivered the Committee's report. He noted that the Committee:

- Received an update on the UPPL
- Discussed Congressional initiatives
- Discussed legislation affecting pharmacy benefit managers
- Deferred consideration of a resolution supporting federal legislation sponsored by U.S. Sen. Richard Durbin (D-IL)
- Discussed health insurance reimbursement transparency issues

LIFE INSURANCE COMMITTEE

Committee Chairman Rep. Taylor delivered the Committee's report. He noted that the Committee:

- Changed its name to the Life Insurance and Financial Planning Committee
- Transferred its existing charge relating to long-term care insurance to the Health Insurance Committee
- Received an update on the status of federal legislation concerning partnerships for long-term care
- Received information on principles-based reserving for life companies
- Discussed issues related to suitability in annuity sales
- Received an update on the life insurance industry's Task Force for the Future
- Discussed changes in the underserved life insurance market

PROPERTY-CASUALTY INSURANCE COMMITTEE

Ms. Thorson delivered the Committee's report. She noted that the Committee:

- Considered the impact of Hurricane Katrina on property-casualty insurance lines
- Noted that the other action items (adoption of a motor vehicle crash parts resolution and re-adoption of the NCOIL credit scoring model act) were considered on the non-controversial calendar

INTERNATIONAL INSURANCE ISSUES COMMITTEE

Committee Vice Chair Assem. Calhoun delivered the Committee's report. She noted that the Committee:

- Received a report from David Matcham of the International Underwriting Association regarding contract certainty
- Received reports from Maine Insurance Superintendent and NAIC President-Elect Alessandro Iuppa regarding 1) NAIC international activity, 2) accounting issues, and 3) finite reinsurance

STATE-FEDERAL RELATIONS COMMITTEE

Committee Chairman Rep. Damron delivered the Committee's report. He noted that the Committee:

- Discussed the SMART Act and proposals for optional federal charters
- Discussed implementation of the *Interstate Insurance Product Regulation Compact*
- Discussed consideration of future amendments to the *NCOIL/NAIC Market Conduct Surveillance Model Law*

WORKERS' COMPENSATION INSURANCE COMMITTEE

Committee Chairman Sen. Leavell delivered the Committee's report. He noted that the Committee:

- Received a report from Steven Cavanaugh of the Louisiana Workers' Compensation Corporation regarding Hurricane Katrina's effect on the state's workers' compensation market
- Received reports from California Insurance Commissioner John Garamendi on 1) catastrophe planning efforts and 2) workers' compensation reform efforts in California
- Discussed issues pertaining to regulation of professional employer organizations
- Received a report on reciprocity agreements for workers' compensation insurance
- Amended the Committee's 2006 charges to include a study into control of medical, prescription, and hospital costs

JOINT MEETING OF TASK FORCE ON TERRORISM/SUBCOMMITTEE ON NATURAL DISASTER INSURANCE LEGISLATION

Sen. Geller, co-chair of the Subcommittee, summarized the natural disaster issues. He said the Subcommittee:

- Reported on the recent regulator summit in San Francisco regarding future mega-catastrophe planning
- Determined to consider at the 2006 Spring Meeting amendments to the 2004 NCOIL *Resolution Regarding Natural Disaster Insurance Issues* in order to reflect current proposals for a layered mega-catastrophe system

Assem. Lafayette, chair of the Task Force, summarized the terrorism issues. He said the Task Force:

- Received an update on and discussed the status of TRIA reauthorization efforts in Congress
- Discussed long-term solutions to terrorism insurance coverage

BUSINESS PLANNING COMMITTEE

NCOIL President Rep. Eiland discussed future meeting venues and recognized legislators attending their first NCOIL meeting.

The Executive Committee listened to a presentation from Mark Wilson of the Royal Sonesta Hotel in New Orleans about reconstruction efforts in the city and, more specifically, the status of the Royal Sonesta Hotel, which is the tentative site of the 2006 NCOIL Annual Meeting. Sen. Geller inquired about security, air quality, and perception issues. Mr. Wilson said security was not a concern in the French Quarter/Bourbon Street areas. He said he would attempt to provide further information regarding air quality. With respect to perception, he reported that several groups had already committed to holding conferences in New Orleans, and he commented that perception concerns would diminish as the Annual Meeting approached.

Following further discussion, the Executive Committee discussed possible alternative locations, including New York City or Napa Valley, California. Legislators resolved to postpone final consideration of an alternative site until after NCOIL received information regarding New Orleans air quality and pursued possibilities in New York and Napa Valley. The Committee voted to resolve the matter via conference call.

Rep. Eiland noted that the tentative location of the 2007 NCOIL Summer Meeting was Seattle, Washington, a non-member state. Legislators discussed whether NCOIL should hold a meeting there, given the state's non-member status.

ARTICLES OF ORGANIZATION & BYLAWS REVISION COMMITTEE

Rep. Eiland reported that the only substantive topic considered was the re-naming of certain Committees to more accurately reflect their missions: changing the Life Insurance Committee to Life Insurance and Financial Planning, and changing the Health Insurance Committee to Health, Long-term Care and Health Retirement Issues. Upon a motion made and seconded, the Committee unanimously adopted the new names.

INSURANCE LEGISLATORS FOUNDATION

Rep. Eiland informed members that the Foundation had received a report from Jule Rousseau of Herrick Feinstein LLP, NCOIL's pro bono counsel, regarding enforcement of judgments as

related to reinsurance collateral issues. He and Ms. Nolan gave background as to the report's genesis and its importance to NCOIL.

Mr. Rousseau overviewed the report's findings. Among other things, he said that U.S. judgments would be enforceable overseas (in the five jurisdictions studied), subject to particular public policy considerations in those locals. The Committee then voted unanimously to receive the report.

Upon motions made and seconded, the Committee voted unanimously to waive the 30-day deadline rule and to adopt a *Resolution Regarding Reinsurance Collateral Requirements* that 1) calls on the NAIC to report back to NCOIL the results of regulators' deliberations regarding reinsurance collateral issues and 2) informs the NAIC that NCOIL intends to take action on the matter in 2006.

FUNDRAISING AT NCOIL MEETINGS

Sen. Larkin offered a *Resolution Urging the Prohibition of Fundraising Events at NCOIL Meetings* in order to prohibit fundraising by NCOIL members at or near sanctioned NCOIL meetings, seminars, or other events. The Committee adopted the resolution unanimously.

NOMINATING COMMITTEE REPORT

Sen. Geller reported that the Nominating Committee had nominated the following slate of officers for 2006:

President:	Rep. Wald
Vice-President:	Sen. Sanborn
Secretary:	Rep. Kennedy
Treasurer:	Sen. Seward
Executive Committee Chair:	Rep. Damron

Upon a motion made and seconded, the Executive Committee unanimously adopted the Nominating Committee's report.

2006 COMMITTEE CHAIRS AND VICE CHAIRS

2006 NCOIL President Rep. Wald announced the following Committee and Subcommittee assignments:

Budget/Audit:	Chair—Rep. Flanders Vice Chair—Sen. Larkin
Business Planning:	Chair—Rep. Wald Vice Chair—Rep. Keenan
Articles of Organization/Bylaws Revision:	Chair—Assem. Calhoun Vice Chair—Rep. Parke
Membership:	Chair—Sen. Seward Vice Chair—Sen. Geller

Financial Service & Investment Products:	Chair—Rep. Hune Vice Chair—Sen. Haine Vice Chair—Rep. Golick
Health, LTC, and Health Retirement Issues:	Chair—Rep. Keiser Vice Chair—Rep. Westrom Vice Chair—Rep. Godshall
International Insurance Issues:	Chair—Rep. Young Vice Chair—Rep. Eiland
Life Insurance and Financial Planning:	Chair—Rep. Taylor Vice Chair—Sen. Crisco Vice Chair—Rep. Sheen
NCOIL/NAIC Liaison:	Chair—Sen. Neil Breslin, NY Vice Chair—Rep. Eiland Vice Chair—Rep. Parke
Nominating: Property-Casualty Insurance:	Chair—Rep. Eiland Chair—Sen. Redfield Vice Chair—Rep. Jay Bradford, AK Vice Chair—Rep. Stewart Greenleaf, PA
State-Federal Relations:	Chair—Rep. Eiland Vice Chair—Rep. Parke Vice Chair—Rep. Anthony Melio, PA
Natural Disaster Insurance Legislation:	Chair—Sen. Geller Vice Chair—Sen. Billy Hewes, MS
Task Force on Terrorism:	Chair—Assem. Lafayette Vice Chair—Rep. Bradford Vice Chair—Rep. David Evans, OH
Workers' Compensation Insurance:	Chair—Sen. Leavell Vice Chair—Sen. Cummings Vice Chair—Sen. Bates
Legislators' Roundtable:	Chair—Rep. Milkey

ADJOURNMENT

There being no further business, the Committee adjourned at 1:05 P.M.

