

VIA EMAIL

September 2, 2010

The Honorable James J. Donelon, Chair
Surplus Lines Implementation Task Force
National Association of Insurance Commissioners (NAIC)

Dear Commissioner Donelon:

As National Conference of Insurance Legislators (NCOIL) President, I again urge the NAIC and its Surplus Lines Implementation Task Force to consider a proposed *Surplus Lines Insurance Multi-State Compliance Compact (SLIMPACT)* as the appropriate solution to implement the *Dodd-Frank Wall Street Reform and Consumer Protection Act's* surplus lines provisions. Rather than discussing individual issues cited in draft *Guiding Principles for Surplus Lines Reform Implementation*, the Task Force should debate the already developed SLIMPACT, which encompasses major issues reflected in your discussion draft, including the collection and allocation of surplus lines taxes.

SLIMPACT has been extensively debated for the past several years by insurance regulators, legislators, and industry representatives. The proposal was developed over the course of several years during open meetings held at NAIC national meetings. NCOIL has supported the SLIMPACT concept since 2007 and continues to believe that it is the most appropriate solution to streamline surplus lines taxation issues.

NCOIL representatives at recent 2010 NCOIL and NAIC meetings have asked the NAIC to indicate which provisions in the SLIMPACT proposal that they cannot support. We are willing to work with the NAIC and others to modify SLIMPACT, if necessary, so that we can expedite guidance to the states.

Toward that end, SLIMPACT will be a focus of an inaugural *State Leader Summit* that NCOIL has scheduled during our Annual Meeting in November. We have invited state leaders to participate in the session that we hope will lead to consensus support for certain reform initiatives.

We appreciate the opportunity to comment on the NAIC process and believe that the Task Force should focus on SLIMPACT during future meetings. *The short window under Dodd-Frank heightens the need for immediate state action, and SLIMPACT is the only legislative text ready for introduction.* With NCOIL and NAIC support, SLIMPACT could begin moving through legislatures in January.

Sincerely,



Rep. Robert Damron, KY
NCOIL President

cc: John Bauer, NAIC
NCOIL Executive Committee

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