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CONGRESS URGES, NCOIL RESPONDS—ASKS NAIC TO UNIFY ON SLIMPACT

Washington, DC, August 2, 2011—Responding to a query from Congresswoman Judy Biggert (IL) at a hearing on insurance oversight last Thursday, the National Conference of Insurance Legislators (NCOIL) again reached out to the National Association of Insurance Commissioners (NAIC) in hopes of achieving a unified approach to regulation of surplus lines insurance.

At the July 28 hearing Rep. Greg Wren (AL), NCOIL Treasurer, recommitted NCOIL to collaborate with NAIC after U.S. House Subcommittee on Insurance, Housing, and Community Opportunity Subcommittee Chair Biggert asked, “Why doesn’t NAIC work with the SLIMPACT model instead of creating another model, NIMA?”

The next day, NCOIL President George Keiser (ND) wrote to NAIC President Susan Voss (IA), asking the organization to join NCOIL in support of a Surplus Lines Insurance Multistate Compliance Compact (SLIMPACT). Rep. Keiser stated:

As promised by Rep. Wren yesterday, NCOIL will make every effort to work with the NAIC to achieve synergy in responding to Congress’s desire to unburden and streamline the surplus lines regulatory system. We look forward to your response and to further communications with the NAIC in the near future. We would like to go back to Congress in or before its fall hearing with good news about state surplus lines regulatory reform.

Perceived barriers to the SLIMPACT approach have been more or less dispelled, the NCOIL President noted in his July 29 letter:

... NCOIL is asking you, as we did early on in SLIMPACT development, to find a common ground in SLIMPACT. As you can remember, responding to regulator concerns that SLIMPACT was overly prescriptive, NCOIL slimmed down SLIMPACT language by deleting certain uniform standards. Another concern expressed by NAIC regulators that SLIMPACT would not be functional soon enough has been put to bed—as SLIMPACT has nine members and counting.

“NCOIL looks forward to NAIC response in the very near future,” said Rep. Keiser upon sending the letter.

In a letter to Chairwoman Biggert on the same day, Rep. Keiser reaffirmed NCOIL commitment:

NCOIL will again reach out to the NAIC to ask their buy-in to SLIMPACT, as our state legislators believe its uniform standards respond to NRRRA intent to simplify and streamline the surplus lines regulatory process and meet the state constitutional concerns expressed by compact legal experts. We believe SLIMPACT is honing in on an allocation method upon which all interested parties, including the NAIC, can agree.

Rep. Keiser did add the caveat that “NCOIL believes only SLIMPACT meets the criteria established in the NRRRA, and will provide uniformity, simplicity, relative revenue neutrality, etc., for the states. Industry worked on and supported the development of the SLIMPACT model and is not supportive of the NIMA model.”

In his testimony at the July 28 hearing, Rep. Wren strongly supported state-led insurance reforms, saying that “NCOIL supports and has worked for modernization and uniformity in the states where and when it is needed,” and he asserted that SLIMPACT provides the modernization Congress sought under the 2010 Dodd-Frank Act.

Rep. Wren was one of three government witnesses to testify before the U.S. House Subcommittee on Insurance, Housing and Community Opportunity in the hearing entitled “Insurance Oversight: Policy Implications for U.S. Consumers, Businesses and Jobs.” His testimony featured release of a new NCOIL report entitled *Implementing the Dodd-Frank Act: State Activity and SLIMPACT, an NCOIL response*.

The Subcommittee falls under the jurisdiction of the House Committee on Financial Services.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at www.ncoil.org.

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