

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS (NCOIL)

**Proposed Resolution Opposing an NAIC Plan to Utilize the Annual Statement for
the Centralized Collection and Dissemination of
Market Conduct Data**

To be considered by the NCOIL State-Federal Relations Committee on July 11, 2008.
Sponsored by Rep. Robert Damron (KY)

WHEREAS, the National Association of Insurance Commissioners (NAIC), through its Market Regulation and Consumer Affairs Committee, has approved a proposal to create a system for the centralized collection and dissemination of individual company market conduct data; and

WHEREAS, the proposal requires market conduct data to be collected by the NAIC as part of the Annual Statement Blank that all companies are required to file with their domestic state regulator; and

WHEREAS, the proposal constitutes a substantial change in state legislatures' public policy supporting the filing of financial information in an annual statement; and

WHEREAS, according to an Insurance Legislators' Foundation (ILF) *Study on State Authority: Making a Case for Proper Insurance Oversight*, state legislatures have not delegated public policymaking authority to the National Association of Insurance Commissioners; and

WHEREAS, no state legislature has required a fundamental change or expansion in the nature of the insurer annual statement to include market conduct data; and

WHEREAS, NCOIL has concerns regarding NAIC authority to collect market conduct data as part of an annual statement filing; and

WHEREAS, NCOIL questions whether the costs of compliance might outweigh the benefits to consumers, insurance companies, regulators, and state legislatures; and

WHEREAS, NCOIL has concerns regarding the confidentiality of market conduct data, since such data has not before been made public.

NOW, THEREFORE, BE IT RESOLVED that NCOIL believes the NAIC should extend its consideration of the market conduct annual statement proposal in order to fully address the concerns of state legislators and other interested parties—and to give state legislators critical opportunities to comment;

BE IT ALSO RESOLVED that NCOIL, as an organization of state public policymakers, commits to working with the NAIC and with individual state regulators regarding an appropriate collection of market conduct data that would best serve consumers and insurers and promote modernized insurance marketplaces.