



News Release

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FOR IMMEDIATE RELEASE

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NAIC Adopts Market Conduct Surveillance Model Law

Creates joint NAIC/NCOIL market conduct initiative

ANCHORAGE, AK (September 12, 2004) — The National Association of Insurance Commissioners (NAIC) today adopted the Market Conduct Surveillance Model Law based on a version recently put forth by the National Conference of Insurance Legislators (NCOIL). The NAIC has been involved with NCOIL in drafting and commenting on the model law over the last several months, as both organizations work together in an effort to create a more efficient regulatory system.

“The NCOIL model is consistent with our own reform efforts, and now that state regulators have had a chance to weigh in, we feel it is ready to be utilized,” said Joel Ario, NAIC Secretary-Treasurer, who also serves as the Oregon Insurance Administrator. “The model is strong. We feel it fortifies market analysis procedures and enhances states’ ability to target the market conduct surveillance process on the most important consumer problems.”

The broad purpose of the model is to establish a framework for insurance department market-conduct action, including a process and system for prioritizing problems, a means by which insurance regulators can remedy problems, and procedures to coordinate and communicate regulatory actions among states. It requires states to report market data to the NAIC’s Market Information Systems, which encompass the Complaint Database, the Exam Tracking System, the Regulatory Information Retrieval System and the Special Activities Database.

The model clearly creates an enhanced structure for state market regulation and will prove helpful for states going forward, said Ario.

“As it is, this sets forth a framework for state collaboration through the NAIC, which strengthens the states’ ability to work together on appropriate regulatory actions,” added Ario.

The model law now will be considered for adoption by the individual states, the District of Columbia and the four U.S. territories.

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About the NAIC

Headquartered in Kansas City, Missouri, the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and four U.S. territories. The association's overriding objective is to assist state insurance regulators in protecting consumers and helping maintain the financial stability of the insurance industry by offering financial, actuarial, legal, computer, research, market conduct and economic expertise. Formed in 1871, it is the oldest association of state officials. For more information, visit NAIC on the Web at www.naic.org/pressroom.