

FAQ

What is the National Association of Insurance Commissioners?

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

How is the NAIC Organized?

Officers of the NAIC include a President, President-Elect, Vice President and Secretary-Treasurer, who are elected annually by the membership by secret ballot. To help organize the NAIC's efforts, the United States has been divided into four geographic zones: Northeastern, Southeastern, Midwestern and Western. Each zone has its own chair, vice chair and secretary who sit on the NAIC's Executive (EX) Committee. In addition to the Executive Committee, the NAIC maintains seven additional standing committees: Life Insurance and Annuities (A) Committee; Health Insurance and Managed Care (B) Committee; Property and Casualty Insurance (C) Committee; Market Regulation and Consumer Affairs (D) Committee; Financial Condition (E) Committee; Financial Regulation Standards and Accreditation (F) Committee; and International Insurance Relations (G) Committee.

When Does the NAIC Meet?

The NAIC has met on a national basis since 1871. Today, the NAIC meets three times a year, in various locations across the United States. The NAIC meetings are a national forum for resolving major insurance issues, allowing regulators to develop coherent national policy on the regulation of insurance when a national policy is appropriate. The meetings are primarily a series of committee sessions, much like the legislative hearings of state legislatures or Congress. The committee system directs regulatory issues to expert groups for review before they are discussed by the membership as a whole. For a schedule of the NAIC's future meetings, please visit www.naic.org/meetings_future_meetings.htm.

How Does the NAIC Choose Its Meeting Locations?

Several factors impact the choice of location for the NAIC's national meetings. Site selection is limited to hotels/convention centers that can accommodate more than 1,500 attendees. In addition, the NAIC tries to rotate national meetings through the four NAIC zones (West, Midwest, Northeast, Southeast). Because sites are selected five years in advance, the NAIC is able to negotiate substantially reduced hotel room rates. The NAIC also offers zone and grant funds to the state insurance departments to help offset travel costs. For more information about NAIC meetings and events, and for a comprehensive meeting schedule, please visit www.naic.org/meetings_home.htm.

Can the Public Attend NAIC Meetings?

The NAIC conducts its meetings in open session and invites all interested parties to attend and participate. A few regulator-to-regulator meetings are held, which are not open to the public. These meetings often include discussions on ongoing investigations, litigation or financial solvency concerns related to specific companies.

How Does the NAIC Help Educate Consumers?

State insurance regulators and the NAIC are deeply committed to educating the public about insurance and consumer-protection issues. Through its award-winning Insure U consumer education program, the NAIC helps consumers evaluate their options and get smart about insurance. The Insure U Web site provides basic information on the major types of insurance: life, health, auto and homeowners/renter's insurance. Under the banner of Insure U for Small Business, the NAIC provides tips and information about insurance options for small business owners. Both programs are available in English and Spanish at www.insureuonline.org and www.insureuonline.org/smallbusiness.

How Can Consumers Get More Involved with the NAIC?

There are three ways interested consumers can participate in NAIC national meetings and impact other policy deliberations. Individuals from consumer organizations may: (1) request a waiver of the registration fee to attend an NAIC meeting; (2) apply to be a funded consumer representative; or (3) apply to be an "unfunded" consumer representative. Funded and unfunded consumer representatives serve on the NAIC/Consumer Liaison Committee. The Committee's mission is to assist the NAIC in supporting state insurance regulation by providing consumer views on insurance regulatory topics. For more information, visit www.naic.org/consumer_participation.htm.

How Does the NAIC Help Educate Regulators?

The NAIC provides more than 64 education and training courses on a variety of insurance topics, with 18 programs specifically designed for insurance regulators. In 2006, the NAIC launched the Insurance Regulator Professional Designation Program in response to requests by its members for structured professional development to enhance regulators' skills, techniques and strategies for monitoring the insurance marketplace. The NAIC awarded its first professional designation in August 2007.

How Does the NAIC Develop and Adopt Model Laws?

The NAIC membership has adopted Procedures for Model Law Development, found on its "Committee & Activities" Web page along with the current status of models and other work product in the development process. The NAIC Executive (EX) Committee, upon a recommendation of a parent committee, determines whether a proposed new model law or regulation — or amendment to an existing model law or regulation — should be drafted. In order to be considered for development and adoption, an NAIC model law must involve a national standard and/or require uniformity among all the states. It must also receive the commitment of significant regulatory and NAIC resources to educate, communicate and support the model's implementation in the states. Further, a model law requires adoption by a minimum of two-thirds majority of the responsible parent committee and the NAIC membership. With this front-end commitment, only model laws that have a high chance of implementation in the states will be developed and adopted.

How is the NAIC Funded?

The NAIC is funded through a number of revenue sources. The states, by way of membership dues, contribute less than 3 percent of the revenue the NAIC devotes to funding member-directed initiatives, as well as many other services that help the states work together collaboratively and cooperatively. Other sources of revenue include database filing fees, product filing fees, producer-licensing fees and sales of NAIC publications and data. Without membership in the NAIC, the amount of state funding required in order to provide or access the similar type of services the NAIC provides — often at no extra charge — would far exceed what a state pays in membership dues to the NAIC.

Does the NAIC File an IRS Form 990?

An Internal Revenue Service declaration letter dated December 20, 1999, exempts the NAIC from the Federal Form 990 reporting requirements. Notwithstanding the exemption, the NAIC meets or exceeds the disclosure requirements of the Internal Revenue Service Form 990, through a detailed budget publication, its annual report and the annual disclosure of its five staff members with the highest annual salaries.