

**PROCEDURES FOR MODEL LAW
DEVELOPMENT
ADOPTED MAY 2007
AMENDED SEPTEMBER 2008**

These Procedures for Model Law Development outline the process for development of a new Model Law or amendment to an existing Model Law. Prior to development of a new or amended Model Law, approval of the responsible Parent Committee and the NAIC's Executive Committee is required. The NAIC's Executive Committee will consider whether the request fits the criteria for Model Law development.

Model Law Development Criteria

The Executive Committee of the NAIC, upon a recommendation of the Parent Committee, will determine if a proposed new Model Law (or Regulation) or amendment to an existing Model Law (or Regulation) meets a two-pronged test ("Model Law Development Criteria") as follows:

- 1. The issue that is the subject of the Model Law necessitates a minimum national standard and/or requires uniformity amongst all states; and**
- 2. Where NAIC Members are committed to devoting significant regulator and association resources to educate, communicate and support a model that has been adopted by the membership.**

A Committee, Task Force, Working Group or Subgroup (collectively referred to as "NAIC Group") may discuss the issue of developing a Model Law but shall not devote resources to actual development or drafting of a Model Law until it receives approval of the Parent Committee and Executive Committee.

New Model Laws or amendments to existing Model Laws that are mandated by federal law are exempt from seeking initial Executive Committee approval, but development of such Models or amendments should be orally reported to the Executive Committee. New Model Laws or amendments to existing Model Laws that are mandated by federal law are subject to all Model Law drafting timelines as well as the requirement to obtain adoption by two-thirds majority at both the Parent Committee and Executive/Plenary Committee levels.

For amendments to existing Model Laws where the Model itself was not subject to Executive Committee approval under the Model Law Development Criteria, the Model itself as well as the proposed amendments should be presented for Executive Committee review and approval for development.

Development of Guidelines

If the NAIC Group determines the proposal does not meet the criteria for development of a Model Law, or if the Parent Committee and/or Executive Committee determines the criteria is not met, the NAIC Group may proceed with efforts to address the issue through Guidelines provided these efforts are consistent with the NAIC Group's charges. Guidelines are not considered Model Laws of the NAIC though are considered regulatory best practices such as laws, regulations, handbooks, guidance, white papers, and/or bulletins.

Executive Committee Consideration Process

The Executive Committee will meet at the NAIC's quarterly meetings, and in the interim as necessary, in order to consider requests to develop a new Model Law or an amendment to an existing Model Law. Upon approval by the responsible Parent Committee, the Chair of the Committee will present the request to the Executive Committee for consideration. The Executive Committee may allow an opportunity for comments from Members, regulators and interested parties prior to making a determination.

If the Executive Committee approves the request, the NAIC Group shall follow the procedures below. If the Executive Committee does not approve the request, the responsible Parent Committee is to reevaluate the NAIC Group's charge in light of the decision and provide further direction. If the denied request involves an amendment to an existing Model Law, the Executive Committee will determine whether the existing Model Law as a whole meets the Model Law Development Criteria and if not, reclassify the Model Law as a Guideline.

Approval of Request and Development of Model Law

Upon approval of the Executive Committee, the NAIC Group shall develop the Model Law within one year from the date of approval. A Model Law must be ready for action by the Executive/Plenary at the next quarterly NAIC meeting following the one-year anniversary (or such other date as determined by the Executive Committee) of the Executive Committee's approval of the request. The Parent Committee, upon a showing of good cause by the NAIC Group, may grant an extension of time for development of the Model Law. The NAIC Group, through its Parent Committee, shall provide a quarterly report to the Executive Committee regarding the status of its Model Law development efforts.

Adoption of the Model Law

A Model Law shall only be presented to the NAIC Executive/Plenary for consideration if a minimum two-thirds majority of the responsible parent Committee has voted to adopt the Model Law. A minimum two-thirds majority vote of the NAIC Executive/Plenary in favor of adoption is required with each Member required to vote based on whether he or she will make efforts to have the model law introduced in his or her respective state legislature or that the law in his or her state already meets or exceeds the minimum national standard set by the Model Law.

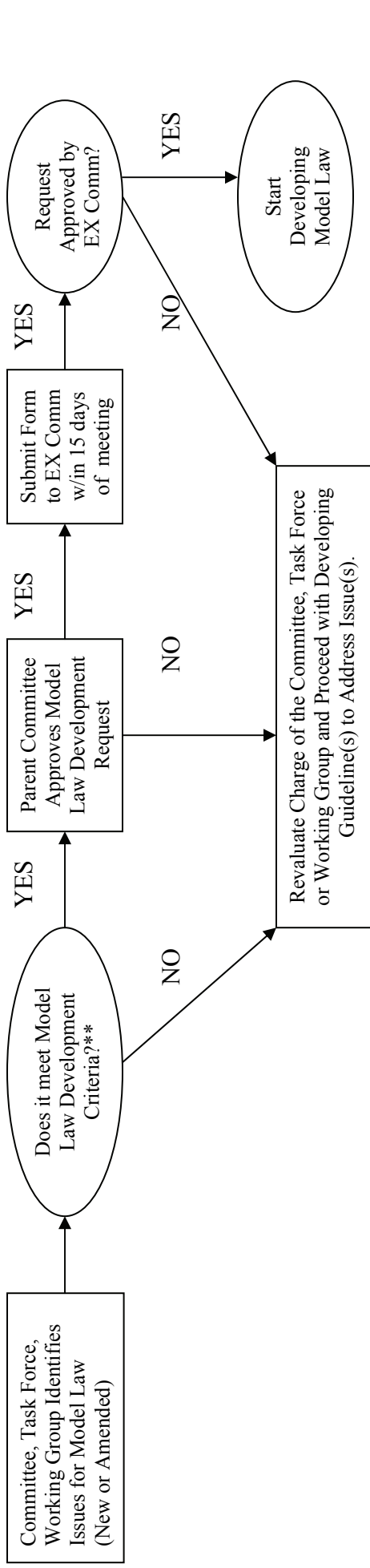
Implementation of the Model Law

Upon NAIC adoption of the Model Law, it will be a priority of the NAIC, through the collective efforts of the Members, to uniformly adopt the Model Law in a majority of states within three years after its adoption by the NAIC membership. The NAIC Members will devote significant regulator and NAIC resources to communicate, educate and support the Model Law. The NAIC staff will provide briefing materials, testimony, make state visits and answer questions. The Executive Committee shall provide quarterly updates to the NAIC Plenary on the status of adoption by states of the Model Law. The NAIC will post information on its website and issue public releases when a state adopts a Model Law.

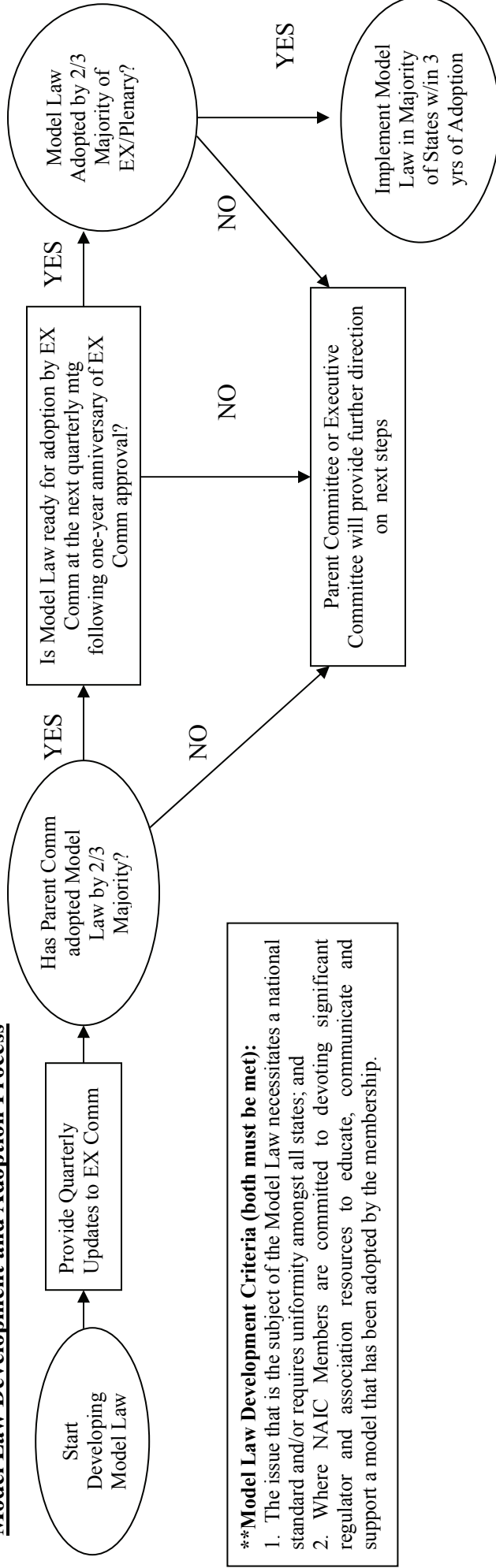
Review of Existing Model Laws

The Executive Committee may undertake a review of the adoption rates of existing Model Laws. If the Executive Committee determines the existing Model Law does not meet the criteria, it shall be reclassified as a Guideline as defined above. If the Executive Committee determines the existing Model Law meets the criteria, it will be made a priority of the NAIC to pursue uniform adoption in the remaining states.

Model Law Approval Process



Model Law Development and Adoption Process



*****Model Law Development Criteria (both must be met):**

1. The issue that is the subject of the Model Law necessitates a national standard and/or requires uniformity amongst all states; and
2. Where NAIC Members are committed to devoting significant regulator and association resources to educate, communicate and support a model that has been adopted by the membership.

Model Law Implementation Process

