

PROJECT HISTORY - 2002

NONADMITTED INSURANCE MODEL ACT (#870)

1. Description of the project, issues addressed, etc.

To update the provisions of the Nonadmitted Insurance Model Act to bring it into compliance with Gramm-Leach-Bliley

2. Name of group responsible for draft the model:

Nonadmitted Model Act Revision Working Group

States Participating:

New York, Chair
Alaska
California
Georgia
Illinois
Washington

3. Project authorized by what charge and date first given to the group:

The Surplus Lines Task Force was charged in 2001 and 2002 to “Review the Nonadmitted Insurance Model Act provisions relating to out of state placements and make modifications as necessary to reflect the provisions of the Gramm-Leach-Bliley Act.”

4. A general description of the drafting process (e.g., drafted by a subgroup, interested parties, the full group, etc). Include any parties outside the members that participated.

The revisions were drafted by the working group.

5. A general description of the due process (e.g., exposure periods, public hearings, or any other means by which widespread input from industry, consumers and legislators was solicited.

Proposed revisions were extensively exposed both at National meetings and prior to one conference call. Long exposure periods were used to ensure that comment could be received.

6. A discussion of the significant issues (items of some controversy) raised during the drafting process and the group’s response.

Some states believe that removing the surplus lines bonding requirement for non-resident surplus lines agents – which seemingly is necessary under Gramm-Leach-Bliley – would reduce policyholder protections and increase the risk of fraud. The working group reported these concerns to its Task Force. The Task Force has subsequently created a new working group to examine multi-state surplus lines bonds which might be allowed under the Act and thereby may ameliorate the problem.