

NAIFA ADVOCACY

All Systems Go for the Interstate Compact

Product speed-to-market will soon be a reality for many of our members.

Michael E. Gerber, Vice President and General Counsel

In today's competitive marketplace, it's vital to offer the newest products aimed at protecting a client's financial security. Imagine a world where the latest quality insurance products are quickly approved and available for sale before your clients buy something else. Better yet, picture a time when you can sell the same policy in all the states you work in, so that all your clients can benefit from a newly developed product. Gone would be the days when new insurance products need to satisfy different rules and be separately approved in every state they're sold in. An era of waiting months or even years for product approval would be over, and consumers nationwide would have access to uniform policies that meet the same high standards.

Making this a reality is within our grasp through the Interstate Insurance Product Regulation Compact. Developed by the National Association of Insurance Commissioners with NAIFA's help, the compact is NAIC's leading initiative to reform state insurance regulation by improving the speed-to-market conditions for life, annuity, long-term care and disability income insurance products. The compact would enable those products to reach consumers faster by allowing companies to file new products in one place for approval in every state that enacts the compact law. NAIFA strongly supports the compact, and NAIFA state associations around the country have pressed for its adoption so that new prod-

ucts satisfying uniform standards will be available sooner for agents to offer to their clients.

A major milestone

The compact achieved a major milestone this year when, in less than three years, 27 states adopted it—one more state than was needed for the compact to become operational. (See box.) The 27 compacting states represent over 40 percent of the national premium volume for the covered products.

With participation from a majority of states, the compact's governing body—the Interstate Insurance Product Regulation Compact Commission—held its first meeting in conjunction with NAIC's summer national conference in June. Bearing

dent, thanked NAIFA at the start of the meeting for its important contributions to the compact effort.

The process is under way

An interim management committee will oversee the compact's startup process. Diane Koken, Pennsylvania's insurance commissioner, will chair the committee. Joining her will be insurance commissioners from the six largest states in terms of premium volume (Texas, Pennsylvania, Ohio, North Carolina, Georgia and Virginia), two "mid-size" states (Minnesota and Indiana), and one "small" state from each of NAIC's four regional zones (Oklahoma, Vermont, Washington and West Virginia).

The commission also created interim advisory committees for industry, consumer and legislative representatives. NAIFA was appointed to the interim industry advisory committee to ensure that the agent community helps the commission develop fair and streamlined operations and appropriate product standards and review procedures.

NAIFA's policy on insurance regulatory reform commits your association to helping improve insurance regulation. The compact is a crucial part of this effort. Our hope is that the compact will become law in every state to make speed-to-market a reality for all agents and their clients.

We urge you to support the compact if it's introduced in your state, and to ask your insurance commissioner and state legislators to introduce the compact if it's not yet on the legislative agenda. With your help, this regulatory dream will come true throughout the country. **AT**

COMPACTING STATES

Alaska	Maine	Puerto Rico
Colorado	Maryland	Rhode Island
Georgia	Minnesota	Texas
Hawaii	Nebraska	Utah
Idaho	New Hampshire	Vermont
Indiana	North Carolina	Virginia
Iowa	Ohio	Washington
Kansas	Oklahoma	West Virginia
Kentucky	Pennsylvania	Wyoming

the motto "States, Strength and Speed Aligned," the commission's first organizational meeting began the process of creating an operational entity that will be ready to accept insurance product filings by early 2007. In recognition of our association's hard work in supporting the compact, Alessandro Iuppa, NAIC president and Maine's insurance superinten-