



2. Name of Group Responsible for Drafting the Model and States Participating

Financial Guaranty Model Act Revisions (E) Working Group

States Participating:

New York, Chair      Maryland  
California              Wisconsin  
New Jersey

3. Project Authorized by What Charge and Date First Given to the Group

The Financial Condition (E) Committee charged the newly formed Financial Guaranty Model Act Revisions (E) Working Group at the 2006 Winter National Meeting:

Review the Financial Guaranty Insurance Model Act and consider any changes necessary to update the model.

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 drafting process began with a document prepared by the Association of Financial Guaranty Insurers (AFGI) that showed all of the changes necessary to bring the NAIC model in line with the statutory amendments that New York and California adopted to reflect changes in best practices for monoline financial guaranty insurers. The document prepared by AFGI also explained the specific reason for each particular change.

The document was exposed for comment to interested regulators and interested parties on March 1, 2007 with a 30 day comment deadline. Limited comments were received from the industry interested parties, and those noted were accepted by the Working Group. One representative of AFGI noted on one conference call that the industry views this project as a mechanical process to simply update the model and is not opposed to the project or the changes.

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)

The Working Group held three conference calls subsequent to the initial meeting, during the document

that when this threshold was established in this state, there was no empirical evidence or statistical analysis to support the 10%; however, they thought 10% was a good measure of a material event. The Working Group did not change this provision believing that the independent auditor's separate opinion on the adequacy of the reserves provides an opportunity for the reserves to be challenged.