

PROJECT HISTORY – 2009/2010

PROPERTY AND CASUALTY MODEL RATE AND POLICY FORM LAW GUIDELINE (#1780) - 2009 & PROPERTY AND CASUALTY MODEL RATE AND POLICY FORM REGULATION GUIDELINE (#1781) - 2010

1. Description of the Project, Issues Addressed, etc.

The Commercial Lines Re-engineering Working Group of the Property and Casualty Insurance (C) Committee was charged to rework the NAIC's two model rating laws for property and casualty insurance into one law, which:

1. Also regulates forms;
2. Establishes uniform non-renewal and cancellation provisions;
3. Creates waivers of form requirements for multi-state risks;
4. Establishes an exemption from rate and form requirements for large commercial policyholders;
and
5. Enables the degree of regulation to vary so as to fit the needs of each m4 sac.9 (e)-3 .d

to be certain that all issues were addressed and that all parties were given an opportunity to be heard. Because of the volume of comments and the important nature of the issues, the working group did not adopt the model law and the model regulation until March 14, 2000, having adopted a final exposure draft in December 1999. The Property and Casualty Insurance (C) Committee first adopted the model law and model regulation on March 15, 2000.

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)

All of the meetings of the Commercial Lines Re-engineering (C) Working Group, the Property and Casualty Insurance (C) Committee, the Personal Lines Regulatory Framework (EX) Working Group and the Speed to Market (EX) Task Force were open to all interested parties. All revised drafts of the model law were circulated for public comment. Most of the drafting was done by NAIC staff or members of the working group. There was language adopted by the working group as a result of suggestions from the American Insurance Association, the Alliance of American Insurers, the Property Casualty Insurers Association of America, the Independent Insurance Agents of America, various individual insurer representatives and law firms and the Center for Economic Justice.

On March 28, 2010, the Property and Casualty Insurance (C) Committee adopted the law and regulation as guidelines with the vote being subject to a 30-day review and comment period where Committee members can submit comments or ask for reconsideration; no comments or reconsideration request were made.

6. A Discussion of the Significant Issues (items of some controversy raised during the due process and the group's response)

While in the early drafting sessions, the working group's initial focus was upon relaxing regulatory requirements for large, sophisticated commercial risks, the working group also recognized that if it were to meet its assigned charge, that risks other than large commercial risks must also be addressed. As a result, the working group's main focus centered on developing a model rate and form law that would work for all risks, including personal lines.

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7. Any Other Important Information (e.g., amending an accreditation standard).

Insurers, agent associations and consumer representatives had significantly different opinions regarding the