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Michael J. Bartholomew
Chief Counsel, State Relations

Statement
By
American Council of Life Insurers
Before the
Insurance & Real Estate Committee
January 27, 2009

Re: SB 456, An Act Adopting The National Association of Insurance Commissioners' Interstate Insurance Product Regulation Compact

The American Council of Life Insurers (ACLI) supports SB 456, An Act Adopting the National Association of Insurance Commissioners' Interstate Insurance Product Regulation Compact. The life insurance, annuities, disability income, and long-term care insurance must be approved by each state before they can be marketed and sold. There are divergent standards established for the structure of these products among the states, so insurance policies must be revised based on each state's particular standards before they can be approved. The task is very expensive and, most importantly, time-consuming for insurance companies. Compared with our competitors in the financial services marketplace who are federally regulated (and generally not subject to a system of prior regulatory approval), insurers are disadvantaged in the marketplace because of the slower pace of insurance product approval.

SB 456 would enhance state regulation of insurance permitting Connecticut to join a Commission governed collectively by the 33 participating states that now serves as a single point of filing for the identified products, and that have established so far 49 unique and uniform, national standards for those products. Such a system benefits consumers and state government, as well as insurers. Consumers benefit from strong, uniform

national product standards, which is especially important given our increasingly mobile population. The quality of product review is enhanced because of the experienced staff that now reviews the filings, thereby enabling state regulators to devote more time and resources to monitoring and correcting problems in the marketplace. Importantly, our last review of their timeliness shows that all product filings and approvals have been made within 31 days after initial submission, thus giving the public more timely access to innovative insurance products. Notwithstanding the functions of this Commission, it does not diminish the powers of the General Assembly, which will retain oversight over the process through mechanisms for opting out of the standards and the ability to repeal the Compact.

We commend the National Association of Insurance Commissioners (NAIC) for their hard work in crafting the original model legislation. It should also be pointed out that the Compact has been endorsed by several state legislative groups, including the National Conference of State Legislators (NCSL) and the National Conference of Insurance Legislators (NCOIL).

SB 456 recognizes the need for a streamlined and efficient regulatory process for life insurance company product filings. National product standards and a single point of filing for life insurance products benefit all interested parties – consumers, insurers, and government alike.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Bartholomew". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael J. Bartholomew