

The NAIC

The main goals of the National Association of Insurance Commissioners are to “protect the public interest, promote competitive markets, facilitate the fair and equitable treatment of insurance consumers, promote the reliability, solvency and financial solidity of insurance institutions, and support and improve state regulation of insurance.” It was created in 1871 to insure that state regulators of insurance were fulfilling their obligations to the consumer. It consists of the regulators of all 50 states and also includes District of Columbia and other U.S. territories. The National Insurance of Insurance Commissioners has a great impact on all insurance laws and regulations affecting all industries of insurance. Since the main goal of this organization is protect consumer interest and elected officers have a tendency to promote regulations beneficial to the consumer more so than the insurance companies.

There are many issues that have been addressed by this association in recent history. In 2006, the NAIC started its efforts to create an Interstate Insurance Compact. There are currently 28 members of this compact, which was created to make uniform insurance regulations making the insurance market more efficient. This is very important because states can pool their expertise and resources together to help create a more stable and effective industry.

Another issue that has been important to the NAIC is the coastal insurance environment. In 2006, they sent several members on a tour to view the damages from Hurricane Katrina. They are currently working on a program to assist coastal states by

providing state mandated flood insurance. An emphasis has been placed on the need for a stronger government role in catastrophe insurance.

There are many issues that the insurance industry will face in the future which means the NAIC will have their plate full. Privacy protection continues to be an issue for insurers. The NAIC is currently developing a couple bills that are mainly in place to prevent identity theft through the release of information from insurance policies. Another issue that is huge is the lawsuit filled era we are currently in is Medical Malpractice Insurance. The main issue is the inconsistency and difficulty in interpretation of the data, which makes pricing these products a difficult task. Through NAIC efforts, the Senate passed a bill in 2006 that prevents insurers from selling unnecessary insurance products to soldiers defending our country.

The NAIC is also working on ways to create better terrorism insurance. The belief is that another major terrorist attack may hurt the economy a great deal if we don't give major businesses the risk protection they need. This will be hard to insure without using the government as a backstop for insurance companies because the possibility of losses that are beyond catastrophic. There are many other issues that NAIC is dealing and it is important to realize the need for organization and regulation in the ever-changing insurance industry.

Source: <http://www.naic.org/>