



Property Casualty Insurers  
Association of America

Shaping the Future of American Insurance

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To: The Honorable David Ige, Chair  
Senate Committee on Ways and Means

From: Mark Sektnan, Vice President

Re: **SB 2168 SD1 - Relating to Insurance**  
**PCI Position: Support**

Date: Thursday, February 23, 2012  
9:00 a.m.; Conference Room 211

Aloha Chair Ige, Vice Chair Kidani and Members of the Committee:

The Property Casualty Insurers Association of American (PCI) supports SB 2168 SD1 which would enact the National Conference of Insurance Legislators' (NCOIL) Surplus Lines Insurance Multistate Compliance Compact (SLIMPACT). PCI is a national trade association representing over 1,000 insurance companies, including over 125 surplus lines insurers. In Hawaii, PCI members write over 32% of the total property casualty insurance in the state.

PCI supports this legislation because SLIMPACT is a comprehensive legislative model that rightly conforms to the intent and spirit of the Non-admitted and Reinsurance Reform Act (NRRA). There is a national and international movement to modernize and coordinate insurance regulation, and Congress is looking to the states to respond accordingly to that call. As we pass the six month mark since the NRRA took effect on July 21, 2011, if states continue to be unable to adopt a comprehensive solution as intended, Congress could take further action to broaden the preemptive provisions. This would be burdensome and costly for the surplus market that provides critical coverage for hard-to-place business, professional, and property insurance risks.

In addition, without the specific adherence to the NRRA state requirements provided in this legislation, surplus lines markets will continue to be burdened with inconsistent state requirements and exposure to litigation to resolve conflicting regulations and authorities. Not only would that adversely impact surplus lines insurance costs, but it also sends the wrong message to Congress.

PCI is a long-time advocate of the NRRA because it sets a framework to bring about needed modernization of the state regulation of surplus lines insurance. We believe that the SLIMPACT model, endorsed by all three national state government associations: NCOIL, NCSL, and CSG,

represents a well-vetted effort to adhere to the full intent of the federal legislation; including, exclusive home state authority for the taxation and regulation of nonadmitted insurance, the efficient allocation of tax dollars among states on multi-state insurance risks, and the adoption of uniform surplus lines eligibility requirements.

PCI is committed to working with state legislators and regulators to implement the necessary changes to state insurance laws and regulations in compliance with the NRRRA. We believe that the passage of this legislation would ensure that Hawaii can meet those compliance obligations and help to demonstrate to Congress that this state-based regulatory system can work together to modernize the regulation of insurance.

For the foregoing reasons, PCI urges your Committee to favorably advance SB 2168 SD1.