

## ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda—underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

### ALEC's Corporate Board —in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at [www.SourceWatch.org](http://www.SourceWatch.org).

**DID YOU KNOW?** Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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### The Property/Casualty Insurance Form Filing Act

#### Summary

This model bill establishes a file and use system for the approval of policy forms and endorsements for personal and commercial lines of insurance. This creates a more competitive and less onerous regulatory environment in the insurance industry.

#### Model Legislation

**Section 1. {Short Title}** This act shall be known as the Property/Casualty Insurance Form Filing Act.

**Section 2. {Legislative Declaration}** This legislature finds and declares that a modernized and competitive procedure be employed<sup>1</sup>

- A. To promote insurance product competition and price competition among insurers;
- B. To expand insurance policy options and choices for insurance purchasing consumers;
- C. To provide the necessary regulatory authority to protect policyholders from confusing and misleading insurance product offerings.
- D. To reduce the number of current regulatory barriers that inadvertently prohibit the timely bringing of personal and commercial lines insurance products to market.

#### Section 3. {Definitions}

- A. For the purpose of this Act, "Advisory organization" means any person or organization, which has five unrelated members and which assists insurers. It does not include joint underwriting organizations, actuarial or legal consultants, single insurer, any employees of an insurer, or insurers under common control or management of their employees or managers.
- B. For the purpose of this Act, "Commissioner" means the Commissioner of Insurance of this state.

#### Section 4. {Scope}

- A. This Act applies to all kinds of insurance written on risks in this state by any insurer authorized to do business in this state, except:
  1. Life insurance;
  2. Annuities;
  3. Accident and health-insurance;
  4. Ocean marine insurance;
  5. Aircraft liability and aircraft hull insurance; and
  6. Reinsurance.

**Section 5. {Filing of Forms and Endorsements}** Each insurer, advisory organization, or group, association or other organization of insurers shall file all policy forms and endorsements 30 calendar days before the effective date of their use. The commissioner shall review filings as soon as reasonably possible after they have been made in order to determine whether they meet the requirements of the insurance code. A filing shall be deemed to meet the requirements of the insurance code unless the commissioner provides a written and delivered notice of disapproval within the 30 calendar day waiting period. A notice of disapproval shall state the specific reasons for the disapproval of the policy form or endorsement. Policy forms and endorsements may be disapproved only if they contain provisions that are in violation of the insurance code or other laws of this state, or if they contain language that is inconsistent, ambiguous or misleading clauses. If the commissioner issues a notice of disapproval, an insurer may request a hearing under Section 6 of this Act.

#### Section 6. {Disapproval of Forms and Endorsements}

- A. Procedures for Disapproval. Prior to the expiration of the waiting period of a filing made pursuant to section 5, the commissioner may disapprove by written order forms or endorsements filed pursuant to section 5 without hearing. The order shall specify in what respects such filing fails to meet the requirements of this Act. Any insurer whose forms or endorsements are disapproved under this section shall be given a hearing upon written

Did you know that global corporation Kraft Foods served as corporate co-chair in 2011?

request made within 30 calendar days of disapproval.

B. Order of Disapproval. If the commissioner disapproves a form or endorsement pursuant to subsection (A) of this section, and any insurer requests a hearing pursuant to subsection (A) of this section, the commissioner shall issue a written and delivered written order within 30 calendar days of the close of the hearing specifying in what respects such forms or endorsements fail to meet the requirements of this Act. The written and delivered order shall state an effective date no sooner than 30 calendar days after the date of the order when the use of such policy forms or endorsements shall be discontinued. This written and delivered order shall not affect any policy made before its effective date. However, a policyholder shall have the privilege to cancel the policy containing the disapproved forms or endorsements without penalty (i.e., obtain return premium calculated according to company pro-rata schedules or waiver of minimum premium earned stipulations).

**Section 7. {Exemptions}** The commissioner may, after public notice and hearing, exempt any line of insurance from any or all of the provisions of this Act for the purpose of relieving such line of insurance from filing or any otherwise applicable provisions of this Act.

**Section 8. {Penalties}**

A. The commissioner may impose after notice and hearing a penalty determined in accordance with (refer to appropriate penalties provision)

B. Technical violations arising from systems or computer errors of the same type shall be treated as a single violation.

C. The commissioner may suspend or revoke the license of any insurer, advisory organization, or statistical agent that fails to comply under the provisions of this Act with an order of the commissioner within the time prescribed by such order, or any extension thereof that the commissioner may grant.

D. The commissioner may determine when a suspension of license shall become effective and the period of such suspension, which the commissioner may modify or rescind at any time during the suspension period in any reasonable manner.

E. No penalty shall be imposed and no license shall be suspended or revoked under the provisions of this Act except upon a written order of the commissioner, stating his or her findings, made after notice and hearing.

**Section 9. {Judicial Review}** Any order, ruling, finding, decision or other act of the commissioner made pursuant to this Act shall be subject to judicial review in accordance with (cite applicable provisions of state civil practice act)

**Section 10. {Notice and Hearing}**

A. Notice Requirements. All notices rendered pursuant to the provisions of this act shall be in writing and shall state clearly the nature and purpose of the hearing. All relevant facts, statutes and rules shall be specified so that respondent(s) are fully informed of the scope of the hearing, including specific allegations, if any. If a hearing is required, all notices shall designate a hearing date at least 14 calendar days from the date of the notice, unless such minimum notice period is waived by respondents.

B. Hearings. All hearings pursuant to the provisions of this act shall be conducted in accordance with (cite applicable provisions of Administrative Procedures Act) to the extent such provisions are consistent with the procedural requirements contained in this act.

**Section 11. {Severability}**

**Section 12. {Effective Date}**

**Endnotes**

<sup>1</sup> This model is intended for consideration in insurance regulatory jurisdictions with a more restrictive form filing and review system than outlined in this bill. States also may want to consider an informational filing framework for policy forms that incorporates insurer "self-certification."

Under "self-certification," insurers file and certify to the state insurance commissioner that any policy form, endorsement or disclosure form conforms to state law and any rules or regulations promulgated by the insurance commissioner.

*Adopted by the CIED Task Force at the States and Nation Policy Summit, December 17, 1999. Approved by the ALEC Board of Directors January 2000*

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