#### NATIONAL CONFERENCE OF INSURANCE LEGISLATORS RESOLUTION TO AFFIRM THE AUTHORITY OF THE STATES TO REGULATE THE BUSINESS OF INSURANCE

**Adopted by the NCOIL Executive Committee on July 10, 1998.
*Readopted by the NCOIL State-Federal Relations and Executive Committees on November 16, 2001.***

WHEREAS, The National Association of Insurance Commissioners (NAIC) is a quasi-governmental private association, whose purpose is to assist states to regulate the business of insurance; and

WHEREAS, the NAIC at its 1998 Spring Meeting adopted its Codification of Statutory Accounting and stated it would amend its adoption to clarify the primacy of state legislatures in establishing accounting practices and procedures; and

WHEREAS, the NAIC Executive Committee appointed an Ad Hoc Task Force on Codification Implementation to make recommendations to the NAIC Executive Committee and coordinate the activities of the other relevant Working Groups regarding needed changes to the adopted codified principles, accreditation standard issues, Model Audit Rule, and other implementation issues; and

WHEREAS, the NAIC has eliminated the portions of the codified principles that refer to the NAIC Accounting Manual as the basis for the opinion on the financial statement; and

WHEREAS, on November 19, 1997, the NCOIL Executive Committee adopted a resolution encouraging all states to review their insurance statutes and regulations to determine the provisions relating to insurance statutory accounting procedures; and

WHEREAS, the NCOIL Executive Committee urged states to maintain authority over the accounting practices;

NOW, THEREFORE, BE IT RESOLVED, that state legislatures maintain responsibility for and authority over the accounting practices and procedures, the auditing rules, and the investment laws relating to insurance companies doing business in each state.