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NCOIL REAFFIRMS STATES BEST SERVE INSURANCE CONSUMERS

Washington, DC, July 14, 2009 — The National Conference of Insurance Legislators (NCOIL) reaffirmed its commitment to state insurance oversight and its opposition to proposed federal preemptive measures when its Executive Committee unanimously adopted a *Resolution Favoring Continued State-Based Insurance Consumer Protection* on Sunday, July 12, the final day of the NCOIL Summer Meeting in Philadelphia, Pennsylvania.

NCOIL President Sen. James Seward (NY) said:

While state legislators recognize the need for targeted financial services reform, we believe that any reform should avoid preempting successful state insurance oversight. State insurance regulation is one of the bright spots in the current otherwise bleak regulatory landscape and should be advanced, not pared back. NCOIL looks forward to working toward a regulatory system that will close existing gaps and ensure consumer protections without inhibiting a state's right to regulate its unique insurance market.

State-Federal Relations Committee Chair, and resolution sponsor, Rep. Greg Wren (AL) said, "the NCOIL resolution does not oppose the President's or Congress' effort to create an independent entity to protect consumers of certain financial products. It does, however, argue that the authority of any such agency should be limited to the extent that it must exclude insurance products and matters."

Rep. Wren continued:

The top priority of state insurance regulation is the protection of insurance consumers—which has been achieved by having direct accountability, strong market conduct and solvency oversight, and guaranty funds safety nets. These effective safeguards continue to protect insurance consumers when many federally chartered institutions are struggling or closing their doors.

The resolution states that "NCOIL believes that the protection of insurance consumers should continue to be based exclusively at the state level" and further resolves that "any Financial Product Safety Commission, Consumer Financial Protection Agency, or similar new or existing federal agency should not have direct or indirect jurisdiction over insurance products—including credit, mortgage, and title insurance—and/or insurance-related matters."

Speaking directly to pending federal legislation S. 566/H.R. 1705, the *Financial Product Safety Commission Act of 2009*, and H.R. 3126, the *Consumer Financial Protection Agency Act*, the resolution states that “NCOIL believes that S. 566/H.R. 1705 and H.R. 3126 should be amended to explicitly exclude all insurance products and insurance-related matters from the scopes of the Financial Product Safety Commission and the Consumer Financial Protection Agency, respectively.”

S. 566 was introduced by U.S. Senator Richard Durbin (D-IL) and others on March 10, and H.R. 1705 was introduced by Congressman William Delahunt (D-MA) and colleagues on March 25. H.R. 3126 was introduced by U.S. House Committee on Financial Services Chairman Barney Frank (D-MA)—with 12 Committee Members signing on as cosponsors—on July 8, and tracks legislation sent to the U.S. Congress by President Barack Obama.

While H.R. 3126 specifically exempts the business of insurance from the scope of the CFPA, the exemption would not apply to credit, mortgage, and title insurance. Though H.R. 1705/S. 566 does not include or exempt the business of insurance, an H.R. 1705 provision reaffirms the *McCarran-Ferguson Act*.

Representatives of the Property Casualty Insurers Association of America (PCI), the Independent Insurance Agents & Brokers of America (IIABA), and the Consumer Credit Insurance Association (CCIA), among others, expressed support for the proposed NCOIL resolution during the State-Federal Relations Committee meeting. No audience member or legislator spoke in opposition of the resolution.

The NCOIL Summer Meeting took place July 9 through 12 in Philadelphia, Pennsylvania.

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at www.ncoil.org.

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