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**NCOIL REASSERTS RESISTANCE TO FEDERAL INSURANCE REGULATION —APPLAUDS NGA AND NCSL FOR JOINING NCOIL IN OPPOSITION**

**Troy, NY, July 11, 2006**─In a [July 10 letter](http://www.ncoil.org/news/2006/July10FedPreemptionLetter.pdf) to U.S. Senators Richard Shelby (R-AL) and Paul Sarbanes (D-MD), Rep. Frank Wald (ND), president of the National Conference of Insurance Legislators (NCOIL), again voiced NCOIL opposition to federal initiatives considered at today’s Senate Banking, Housing, and Urban Affairs Committee hearing entitled *Insurance Regulation Reform*—initiatives that threaten to unbalance successful state-based regulation of insurance.

The letter to Shelby, in his capacity as chair of the Senate Committee, and Sarbanes, as ranking member, stresses the short- and long-term costs to citizens and businesses of creating unnecessary federal bureaucracies as envisioned by S. 2509, the *National Insurance Act of 2006*, and the State Modernization and Regulatory Transparency (SMART) Act discussion draft, introduced by Reps. Michael Oxley (R-OH) and Richard Baker (R-LA).  The letter also expresses concern regarding H.R. 5637, Rep. Ginny Brown-Waite’s (R-FL) proposed *Nonadmitted and Reinsurance Reform Act of 2006*.

The NCOIL letter states that current federal initiatives “would cripple the states’ ability to properly regulate insurance and protect the interests of their citizens.”  It asserts that “state regulation has successfully promoted insurer solvency and protected consumers for more than 130 years, and is making great strides to modernize insurance oversight in an increasingly competitive, global environment.”

NCOIL commends the National Governors Association (NGA) and the National Conference of State Legislatures (NSCL) for, on July 10, joining NCOIL in opposing the optional federal charter (OFC) created under S. 2509. NCOIL agrees with the recent NGA/NCSL statement that “state-based insurance regulation has evolved with changing industry and consumer needs and continues to improve and modernize” and that S. 2509 would “stifle these innovations.”

According to NCOIL, the OFC, as well other initiatives being considered by the Senate Committee today and again at a July 18 hearing, would nullify critical state-initiated consumer safeguards, deny important consumer access and recourse in problem times, undermine ongoing state modernization efforts, and ultimately impose the costs of a needless federal bureaucracy upon the public.

The NCOIL letter proposes that these initiatives, if enacted, would shanghai state modernization efforts that are already in full-swing, such as the interstate insurance regulatory compact for life insurance products, which is now becoming operational, as well as rate deregulation facilitated by flex rating, and more recent market conduct reform efforts.

The letter reaffirms NCOIL’s commitment to work with other advocates of sound public policy regarding the regulation of insurance—such as the NGA and the NCSL—in order to oppose what NCOIL believes are flawed proposals—ones that would cause more harm than good to the industry and the clients it serves.

NCOIL is an organization of state legislators whose main public policy interest is insurance legislation and regulation.  Many legislators active in NCOIL either chair or are members of the committee responsible for insurance regulation in their respective state houses across the country.  More information is available at [www.ncoil.org](http://www.ncoil.org/).

A copy of the letter is attached.  For further details, please contact the NCOIL National Office at 732-201-4133.

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