

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS

MODEL STATE RESOLUTION IN OPPOSITION TO FEDERAL PREEMPTIVE INSURANCE REGULATORY MEASURES

Adopted by the NCOIL State-Federal Relations Committee on February, 24, 2006, and by the NCOIL Executive Committee on February 25, 2006.

WHEREAS, regulation, oversight, and consumer protection have traditionally and historically been powers reserved to state governments under the McCarran-Ferguson Act of 1945; and

WHEREAS, state legislatures are more responsive to the needs of their constituents and the need for insurance products and regulation to meet their state's unique market demands; and

WHEREAS, many states, including [State], have recently enacted and amended state insurance laws to modernize market regulation and provide insurers with greater ability to respond to changes in market conditions; and

WHEREAS, state legislatures, NCOIL, and NAIC continue to address uniformity issues between states by the adoption of model laws that address market conduct, product approval, agent licensing, and rate deregulation; and

WHEREAS, initiatives are being contemplated by certain members of the United States Congress that would destroy the state system of insurance regulation and create unwieldy and inaccessible federal bureaucracies--all without consumer demand; and

WHEREAS, many state governments derive general revenue dollars from the regulation of the business of insurance, including [dollar amount] from premium taxes generated in 2003 by the State of [Name of State]; and

WHEREAS, these initiatives would eventually draw premium tax revenue from the states; and

WHEREAS, such initiatives include optional federal charter proposals that would bifurcate insurance regulation and allow companies to evade important state consumer protections and the State Modernization and Regulatory Transparency (SMART) Act, which would create mandatory federal insurance standards preempting state law;

NOW, THEREFORE BE IT RESOLVED that the [State] Legislature expresses its strong opposition to such federal legislation would threaten the power of state legislatures, governors, insurance commissioners, and attorneys general to oversee, regulate, and investigate the business of insurance, and to protect consumers; and

BE IT FURTHER RESOLVED that a copy of this resolution be printed and forwarded to members of the [State] legislative delegation in Washington, DC, and also to members of the United States House of Representatives Committee on Financial Services and the United States Senate Committee on Banking, Housing and Urban Affairs.