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NCOIL LEADERS: NO ROLE FOR AN OFC IN INSURANCE REGULATION

Washington, DC, February 14, 2008—This week NCOIL leaders reiterated their opposition to what they consider an ill-advised measure—that of a proposed optional federal charter (OFC)—in a resolution to be taken up at the approaching NCOIL Spring Meeting in Washington, DC.

A proposed *Model State Resolution in Opposition to S. 40/H.R. 3200, the National Insurance Act of 2007*—which is expected to have overwhelming legislative support at the NCOIL governing Executive Committee meeting on Saturday, March 1—opposes OFC efforts that would cast aside over 100 years of consumer protections put in place by the states. The resolution affirms current and ongoing state modernization efforts, particularly the Interstate Insurance Product Regulation Compact (IIPRC), which has already begun to provide the very speed-to-market for life insurance products that OFC proponents are touting.

NCOIL President Rep. Brian Kennedy, RI, said:

Through their respective national organizations—including NCOIL, the National Association of Insurance Commissioners (NAIC), the National Governors Association (NGA), and the National Conference of State Legislatures (NCSL)—state officials have collectively agreed to oppose OFC legislation. The draft resolution that we expect to adopt will provide a model template for states to reiterate to their congressional delegations the harmful effects of OFC legislation currently active in both chambers of Congress.

President-Elect Sen. James Seward, NY, added:

We know that state officials oppose an OFC. We also know that half of the insurance industry, including large agent trade groups, oppose an OFC. We know as well that according to Coalition Opposed to a Federal Insurance Regulator (COFIR) surveys in 150 congressional districts, insurance consumers oppose a federal insurance regulator as proposed by OFC legislation. We look forward

to working with Congress as members review the state-based insurance regulatory system and we welcome their ideas and input, but the several states cannot support a new federal insurance bureaucracy.

The NCOIL resolution, which will be considered by the State-Federal Relations Committee on Friday, February 29, expresses strong opposition to optional federal charter (OFC) legislation S. 40/H.R. 3200, stating that an OFC would eventually draw from the states the almost \$14 billion of critical premium tax revenue they receive, bifurcate insurance regulation, result in a quagmire of federal and state directives, erode key consumer protections, and compromise guaranty fund coverage, among other things.

NCOIL Vice President Rep. Robert Damron, KY, said “As elected representatives we share a constituency with our Congressional colleagues and, like them, consider the protection of our constituents our most important duty. Insurance consumers demand prompt recourse in times of need that can only be provided by local state officials with boots on the ground—not by a 1-800 number to a Washington call center.”

NCOIL leadership will meet with congressional leaders, including chairs and members of the influential Senate Committee on Banking, Housing, and Urban Affairs and the House Committee on Financial Services during the NCOIL meeting.

The State-Federal Relations Committee, scheduled to meet from 3:30 to 4:30 p.m., will also discuss efforts to reform the surplus lines insurance market and recently enacted legislation to reauthorize the Terrorism Risk Insurance Program (TRIP).

The 2008 Spring Meeting will be held at the Hyatt Regency on Capitol Hill.

A copy of the proposed *Model State Resolution in Opposition to S. 40/H.R. 3200* is available on the NCOIL Web site, www.ncoil.org.

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.

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