

October 14, 2014

The Honorable Tim Johnson, Chair
The Honorable Mike Crapo, Ranking Member
Committee on Banking, Housing & Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senators Johnson and Crapo:

As President of the National Conference of Insurance Legislators (NCOIL), I write to express NCOIL support for Senate Resolution 561, which calls for transparency and broad interested-party involvement in International Association of Insurance Supervisors (IAIS) efforts. NCOIL—as an organization of state legislators who chair and are instrumental in the committees that develop and adopt insurance laws in each U.S. statehouse—recently stressed to the IAIS those same guiding principles and urged the organization to rethink its proposal to close meetings and curtail input.

In line with S. Res. 561, our September 2, 2014, comments to IAIS reasserted our fundamental belief that openness and transparency are critical in any and all international dialogues affecting U.S. regulation. In the comments, we noted our specific efforts to ensure due process—including July 13 resolutions regarding global capital standards, meaningful ways for state legislators to weigh in, and the need for coordination and cooperation.

S. Res. 561 makes a critical point to which we wholeheartedly agree: The growing importance of IAIS initiatives, particularly related to capital standards and corporate governance, demands a more, not less open approach. State legislators in the U.S. should not be asked to accept, and would be hard-pressed to support, IAIS-inspired proposals that have not benefited from the transparency and inclusiveness that are hallmarks of U.S. policymaking. We cannot fully appreciate the impacts of an IAIS standard if all parties have not had a chance to comment on what such impacts are.

We are concerned as well that pursuing IAIS efficiency by limiting who can access IAIS discussions could result in an unlevel playing field and an appearance of favoritism. While perhaps a well-intentioned way to streamline IAIS activity, the proposal could create inadvertent harm to small and medium-sized insurers without resources to engage internationally.

We agree with S. Res. 561 that the IAIS should heed the concerns of the National Association of Insurance Commissioners (NAIC). NCOIL, through an NCOIL International Issues Task Force, is working with the NAIC and with other advocates of state oversight to ensure that federal entities—particularly those involved at the IAIS and at the Financial Stability Board (FSB)—stand up for the U.S. system and challenge any attempt to disregard its principles. We welcome dialoging with you toward this shared goal.

The issues raised in Senate Resolution 561 are critical in protecting an insurance regulatory system that, unlike counterparts around the world, came through the financial crisis well. We encourage enactment of the resolution.

Please feel free to contact Susan Nolan, NCOIL Executive Director, in the NCOIL National Office at snolan@ncoil.org or 518-687-0178 should you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Neil D. Breslin".

Sen. Neil Breslin (NY)
NCOIL President

cc: The Honorable Harry Reid
Members of the Committee on Banking, Housing & Urban Affairs