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January 18, 2017

The Honorable Jeb Hensarling  
Chair  
House Financial Services Committee  
2129 Rayburn House Office Building  
Washington, DC 20515

The Honorable Maxine Waters  
Ranking Member  
House Financial Services Committee  
2221 Rayburn House Office Building  
Washington, DC 20515

The Honorable Greg Walden  
Chair  
House Energy and Commerce Committee  
2185 Rayburn House Office Building  
Washington, DC 20515

The Honorable Frank Pallone, Jr.  
Ranking Member  
House Energy and Commerce Committee  
237 Cannon House Office Building  
Washington, DC 20515

Dear Chairman Hensarling, Chairman Walden, Ranking Member Waters, and Ranking Member Pallone:

On behalf of the National Conference of Insurance Legislators (NCOIL), I write to you expressing NCOIL's commitment to working with Congress in the months to come when considering changes to Dodd-Frank.

NCOIL is a legislative organization comprised principally of legislators serving on State insurance and financial institutions committees around the nation. NCOIL writes Model Laws in insurance, works to both preserve the State jurisdiction over insurance as established by the McCarran-Ferguson Act seventy years ago and to serve as an educational forum for public policy makers and interested parties. Founded in 1969, NCOIL works to assert the prerogative of legislators in making state policy when it comes to insurance and educate state legislators on current and perennial insurance issues.

While Dodd-Frank was aimed towards banking sector reform and generally preserved the state-based system of insurance regulation as it existed prior to its enactment, in areas where it impinged on said system, the impact has been pronounced. Accordingly, State legislators are in a unique and important position to voice to Congress what aspects of Dodd-Frank worked, and what aspects did not. It is therefore critical that Congress communicate with NCOIL when considering any legislative actions surrounding Dodd-Frank as they relate to insurance, such as Chairman Hensarling's "Financial CHOICE

Act of 2016,” in order to ensure that such actions do not harm the state-regulated insurance market, the largest and most competitive in the world.

If in fact changes are made to Dodd-Frank, some of the issues, among others, that NCOIL believes need to be addressed are:

1. Financial Stability and Oversight Council (FSOC) and Systematically Important Financial Institution (SIFI) Designations

As part of the overall effort to avoid a repeat of the 2008 financial crisis, Dodd-Frank gave FSOC the ability to designate certain financial institutions, including insurers, as “systematically important.” The consequences of an insurer being designated “systematically important” are serious and have been argued as improper. NCOIL is ready to discuss with Congress the benefits and negatives of continuing SIFI designations as they relate to insurers, and the overall future of FSOC.

2. Covered Agreement

As you know, on January 13, 2017, U.S. and EU negotiated a Covered Agreement. As Congress begins its review of the Covered Agreement in the coming days, NCOIL is prepared to offer feedback on the Agreement’s provisions, both in terms of the general incursion into McCarran-Ferguson, as well as the blanket removal of the important protection of collateral for reinsurance placed with European reinsurers.

3. Federal Insurance Office (FIO)

Congress established the FIO pursuant to Dodd-Frank and gave it limited authority. However, the FIO has often clashed with the proven state-based system of insurance regulation and has played a much larger role than expected or I believe intended. I urge Congress to meaningfully involve NCOIL in any discussions surrounding changes to the FIO as our member State legislators are able to provide bi-partisan ideas on what the proper course of action should be.

Accordingly, I invite Congress to have frequent and robust discussions with NCOIL as we are an accomplished group of bi-partisan, solutions-oriented legislators from around the country who are ready to help Congress face the difficult tasks before it.

With appreciation for your consideration and kind regards, I am,

Very truly yours,



Thomas B. Considine

CC:

The Honorable Paul Ryan  
Speaker  
U.S. House of Representatives  
H-232, The Capitol  
Washington D.C. 20515

The Honorable Kevin McCarthy  
Majority Leader  
U.S. House of Representatives  
H-107, The Capitol  
Washington D.C. 20515

The Honorable Steve Scalise  
Majority Whip  
U.S. House of Representatives  
H-329, The Capitol  
Washington D.C. 20515

The Honorable Nancy Pelosi  
Minority Leader  
U.S. House of Representatives  
H-204, The Capitol  
Washington D.C. 20515

The Honorable Steny Hoyer  
Minority Whip  
U.S. House of Representatives  
H-148, The Capitol  
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