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For Immediate Release
October 17, 2018
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NCOIL CEO APPLAUDS FSOC FOR REMOVING PRUDENTIAL'S SIFI DESIGNATION

NCOIL Wrote Treasury Secretary Mnuchin Prior to Meeting Asking for Removal of Designation

Manasquan, NJ – Commissioner Tom Considine, NCOIL CEO applauds the Financial Stability Oversight Committee decision to remove Prudential's "systematically important financial institution" (SIFI) designation.

"NCOIL believes the SIFI designation has proven to be inherently flawed and antithetical to the proven success of the state-based system of insurance regulation" said Considine. "I applaud Secretary Mnuchin and the Financial Stability Oversight Council for recognizing the primacy of state-based regulation of insurance in this country."

Earlier this week and in advance of the FSOC Meeting, Considine wrote to Treasury Secretary Steven Mnuchin. A full copy of the letter is below.

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NCOIL is a national legislative organization with the nation's 50 states as members, represented principally by legislators serving on their states' insurance and financial institutions committees. NCOIL writes Model Laws in insurance and financial services, works to 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 policymakers 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 longstanding insurance issues.

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October 15, 2018

The Honorable Steven T. Mnuchin
Secretary
Chairperson - FSOC
U.S. Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, D.C., 20220

Dear Secretary Mnuchin:

On behalf of the National Council of Insurance Legislators (NCOIL), I write in advance of this week's Financial Stability Oversight Council (FSOC) meeting during which Prudential's "systematically important financial institution" (SIFI) designation will be discussed. NCOIL strongly believes that FSOC should remove Prudential's SIFI designation as such designations have proven to be inherently flawed and antithetical to the proven success of the state-based system of insurance regulation.

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As you know, 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." From the beginning, serious concerns were raised surrounding the SIFI designation process as it relates to insurers since the designation subjected certain insurers to capital and regulatory requirements that were bank-centric and not rooted in an understanding of how the U.S. state-based system of insurance regulation functions pursuant to the McCarran-Ferguson Act.

The U.S. state-based system of insurance regulation has effectively protected consumers and helped create the largest, most competitive and innovative insurance market in the world. Reports have

consistently shown that the state-based system of insurance regulation largely protected insurers and their policyholders from the 2008 financial crisis.

Prudential is now the only insurer that carries with it the SIFI designation. Having AIG, GE Capital, and MetLife de-designated is a sign that FSOC and others have realized that monitoring the solvency of insurance companies is best done at the state level by those with a fundamental understanding of the state-based insurance regulatory system and its successful track record.

We ask that FSOC continue to follow that trend and remove Prudential's SIFI designation.

Thank you and please do not hesitate to reach out if you wish to discuss this further.

With appreciation for your consideration, I am,

Very truly yours,

Thomas B. Considine
NCOIL CEO