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NCOIL URGES INSURANCE EXEMPTIONS IN FEDERAL REFORM BILLS

Washington, DC, March 10, 2010 — The National Conference of Insurance Legislators (NCOIL) unanimously approved two resolutions on Sunday that reject new federal insurance authorities as proposed in Senate Banking Committee Chairman Chris Dodd's (D-CT) draft *Restoring American Financial Stability Act*.

NCOIL President Rep. Robert Damron (KY)—who, along with Committee Chairs Assem. Joseph Morelle (NY) and Rep. Greg Wren (AL), cosponsored a *Resolution Urging the Senate Banking, Housing and Urban Affairs Committee to Exclude Insurers from Systemic Risk Regulation and Assessments for the Resolution of Systemically Risky Companies*—said:

NCOIL legislators believe strongly that insurance oversight ought to remain state-based. We have seen little evidence that insurance companies or their regulation contributed to the nation's financial crisis and we do not believe that Congress should enact insurance reforms simply because members believe that they can. Federal action should focus on federal failures—not on sectors of the economy that have weathered the financial storm and that remain vibrant and competitive.

He added that, "NCOIL supports efforts to improve data sharing and coordination between state and federal regulators. NCOIL continues to stress that state, as well as federal, officials comprise any entity created to monitor financial markets."

The resolution sponsored by the three NCOIL leaders urges the Senate Banking Committee to exclude the insurance industry from systemic risk regulation, federal resolution authority, and assessments to fund the resolution of systemically risky financial firms. It argues that insurance activities generally do not create systemic risk and that existing state guaranty fund systems are the appropriate venues to unwind failing insurance companies. It also states that insurers should not be forced to pay for the resolution of failing systemically risky non-insurers.

Rep. Wren also sponsored a *Resolution Opposed to Office of National Insurance Proposal (Title V) in Senate Banking, Housing and Urban Affairs Committee Print of Restoring American Financial Stability Act of 2009*. The resolution reiterates NCOIL's long-standing opposition to a new federal insurance office, in the case of Sen. Dodd's legislation, the Office of National Insurance (ONI).

Rep. Wren’s resolution opposes the ONI language in Title V of the Chairman’s proposal, arguing that the broad mission of the Office would permit it to “duplicate and interfere with state insurance regulation, impose burdensome and unnecessary data requests on insurers through subpoena, and preempt state solvency regulation...” among other things.

The resolutions on systemic risk and the ONI were approved by the Financial Services & Investment Products and State Federal Relations Committees, respectively, on March 5.

The NCOIL Spring Meeting took place March 5 through 7 outside of Charleston, South Carolina.

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. More information is available at www.ncoil.org.

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