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STATE LEGISLATORS REJECT CONGRESSIONAL CALLS FOR OII

Washington, DC, August 7, 2008 — In an August 1 letter to U.S. Senate Committee on Banking, Housing, and Urban Affairs Chairman Senator Chris Dodd (D-CT), National Conference of Insurance Legislators (NCOIL) leaders spoke out against Congressional efforts to fast-track legislation to create a federal Office of Insurance Information (OII)—recommending that their federal colleagues slow down the legislative process for further debate and discussion. The letter followed in the wake of a July 29 hearing during which Sen. Dodd signaled that the Senate could consider a legislative package that may include parts of H.R. 5840, the *Insurance Information Act of 2008*, before adjourning in September.

NCOIL President Rep. Brian Kennedy (RI) said, “We do not understand the impetus behind moving legislation in such an expeditious manner that would substantially affect the governance of insurance regulation. There is no crisis in the insurance industry that would justify such swift Congressional action—as evidenced by the industry’s record profits. The insurance marketplace, unlike federally regulated banking institutions and markets, is well-regulated at the State level to protect consumers while providing a competitive environment for companies and investors.”

Along with Rep. Kennedy, NCOIL Officers—President-Elect Sen. James Seward (NY), Vice President Rep. Robert Damron (KY), Secretary Rep. George Keiser (ND), and Treasurer Sen. Carroll Leavell (NM)—wrote to “request due process” in the consideration of H.R. 5840. The letter—which was distributed to every U.S. Senator—urged members not to pursue an even faster track on such a controversial piece of legislation than the path pursued in the House and stated:

H.R. 5840 is a new proposal in the Senate—though introduced and advanced in the United States House of Representatives in 2008—and has not been vetted in the Senate or debated by any previous Congress. The measure was reported out of the House Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises after a markup in which less than 15 of the almost-50 member Subcommittee voted. Even more troubling, the House Committee on Financial Services has yet to debate H.R. 5840.

NCOIL leaders also requested that Sen. Dodd “not bundle H.R. 5840 with other insurance-related bills, including a bill to address the surplus lines market.” NCOIL believes that Congress should consider separately the merits of each piece of legislation, instead of grouping several bills into one insurance package.

The NCOIL Officers continued, “We believe that the OII would establish a framework that a future Congress could build upon to create and empower a federal insurance regulator, contrary to the original legislative intent. We also respectfully note that co-sponsors of OFC legislation H.R. 3200, the *National Insurance Act*, have publicly stated that H.R. 5840 would be a step toward that end.”

Reiterating NCOIL concerns previously articulated by Rep. Kennedy at a House Capital Markets Subcommittee hearing, the letter argues that H.R. 5840 would:

- preempt your state’s laws and consumer protections if the OII determined that they were “inconsistent” with new federal international “agreements”
- lay the foundation for an inappropriate federal scheme, such as an Office of National Insurance (ONI) or an optional federal charter (OFC)

NCOIL—the letter states—“strongly supports the tenets of a state based system of insurance regulation, which Congress has acknowledged for so many years. On the ground in the states, legislators and regulators work side-by-side to improve insurance regulation and to ensure that companies and consumers benefit from the competitive marketplace we have fostered.”

NCOIL has contacted all state Governors, Attorneys General, and insurance supervisors regarding H.R. 5840. Legislators have also reached out to the Financial Services Committee and various other Congressional offices to discuss their concerns related to the creation of a new federal insurance office.

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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