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NCOIL REAFFIRMS OFC OPPOSITION, DIALOGUES WITH CONGRESS

Washington, DC, March 5, 2008 — The National Conference of Insurance Legislators reaffirmed its opposition to optional federal charter (OFC) legislation and unanimously approved a *Model State Resolution in Opposition to S. 40/H.R. 3200, the National Insurance Act of 2007* during its Spring Meeting here on Saturday, March 1. NCOIL legislators also met with key Congressional leaders to describe various modernization efforts ongoing at the state level.

NCOIL President Representative Brian Kennedy (RI) said, “We must continue to engage our Congressional colleagues to apprise them of state successes in modernizing our insurance markets. States are making great strides regarding product approval and speed-to-market, agent and company licensing, rate deregulation, and market conduct. The voice of the states—which is unanimous in opposing federal insurance oversight—needs to be as loud as those of OFC advocates who seek limited oversight and a bifurcated insurance system for their own benefit and without any consumer demand from our constituents.”

The resolution, which was sponsored by Rep. Kennedy, says that an OFC would “promote ambiguity and confusion,” “allow companies to opt out of state insurance regulatory oversight and evade important state consumer protections,” and create a federal mechanism that “cannot by its very nature, respond, as state regulation does, to states’ individual and unique insurance markets and constituent concerns.”

The resolution also provides a template for states to transmit to their Congressional delegations data regarding premium tax revenue that is at risk in an optional federal charter scheme. It states, “S. 40/H.R. 3200 does not fully guarantee state premium tax revenues for a long-term period of time and has the potential to draw premium tax revenue from the states.” The resolution was unanimously adopted by the NCOIL State-Federal Relations Committee on February 29.

During the NCOIL meeting, legislators visited with several Members of Congress to discuss OFC concerns and state modernization efforts. Representative George Keiser (ND), NCOIL Secretary, said the meetings “provided an opportunity for state legislators to describe to our federal colleagues the possible implications of OFC legislation, including the loss of critical state premium tax revenue and insurance fees that are not only used to fund state insurance departments, but that also are added to the state general fund to pay for health care and educational improvements, among other things.”

NCOIL legislators noted that they had aired their concerns to several members of the House Financial Services Committee, including Chairman Barney Frank (D-MA); Ranking Member Spencer Bachus (R-AL); and Kathleen Mellody from Capital Markets Subcommittee Chair Paul Kanjorski's (D-PA) office. NCOIL also met with Senate Banking, Housing, and Urban Affairs Committee members Charles Schumer (D-NY) and Elizabeth Dole (R-NC), among others.

The NCOIL Spring Meeting was held from February 28 through March 2 at the Hyatt Regency Washington on Capitol Hill.

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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