Atlantic Corporate Center
2317 Route 34, Suite 2B
Manasquan, NJ 08736
732-201-4133
CHIEF EXECUTIVE OFFICER: Thomas B. Considine

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Contact: Paul Penna

(732) 201-4133

NCOIL URGES TREASURY AND USTR TO DELAY IMPLEMENTATION OF COVERED AGREEMENT

Calls Agreement "a win for Wall Street & a loss for Main Street"

Manasquan, NJ: NCOIL today urged the U.S. Department of Treasury (DOT) and the Office of the U.S. Trade Representative (USTR) to delay implementation of the Covered Agreement and voiced support the letter written by two dozen Congressmen requesting a delay until formal clarifications to ambiguous points in the agreement are made. The 90-day layover period for Congressional review of the Covered Agreement that the DOT and the USTR negotiated with the European Union (EU) ends today. The Agreement will enter into force seven days after the date the Parties exchange written notifications certifying that they have completed their respective internal requirements and procedures, or on such other date as the Parties may agree.

The Congressional letter, addressed to Treasury Secretary Steven Mnuchin and USTR Acting Ambassador Stephen Vaughn, notes that there is a "broad consensus amongst stakeholders that, at a minimum, additional clarifications are necessary to address ambiguities in the agreement to ensure all parties subject to the agreement are clear in their obligations going forward." Without such clarifications, the letter states, the U.S. state based system of insurance regulation, and concurrently, U.S. consumers, could be irreparably harmed.

"Clearly Chairman Duffy, Congressman Heck, and others, get it that this Covered Agreement is a win for Wall Street and a loss for Main Street," said Tom Considine, NCOIL CEO. "On the face of the Agreement, it is clear that it provides advantages, particularly in the reinsurance collateral area, for large companies with the size and strength to demand such collateral contractually, but leaves smaller companies without such market clout in a position where they and their customers will be left with zero collateral, with nowhere to turn in the most desperate times," continued Considine.

"There is enough we do not know about the negotiations that produced this Agreement that its implementation needs to be delayed, and those negotiations formally reopened in a manner that is transparent to those with jurisdiction over the regulation of insurance, namely State insurance legislators and commissioners," concluded Considine.

From the beginning of negotiations between the DOT and USTR with the EU, NCOIL has been vocal in its opposition to the Covered Agreement and views it as an intrusion by both the federal executive branch and international regulatory authorities into the U.S. state-based system of insurance regulation that has effectively protected consumers and helped create the largest, most competitive and innovative insurance market in the world.

A copy of the full letter can be found here.

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