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September 12, 2008

The Honorable Nancy Pelosi
Speaker
United States Capitol
United States House of Representatives
Washington, DC 20510

Dear Madam Speaker:

As state officials whose primary goal is to protect consumers, we are writing to you—as a fellow legislator—to reiterate our strong opposition to H.R. 5840, the *Insurance Information Act of 2008*. On behalf of the National Conference of Insurance Legislators (NCOIL), we recommend that you vote down the proposal—which has not received due process—when it arrives on the suspension calendar next week. State legislators as well as many state insurance regulators and attorneys general have consistently raised concern regarding the preemptive nature of H.R. 5840 and the likelihood that, if approved, it could evolve into an unnecessary federal bureaucracy.

While NCOIL has not been given a chance to review the newest draft of H.R. 5840, our staunch opposition to the bill remains. NCOIL will not support a bill that will lead to a dangerous optional federal charter (OFC) for insurance regulation and that will unravel the strong consumer protections embedded in state-based insurance regulation.

H.R. 5840 is a new proposal that has not been 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, as well as the National Conference of State Legislatures (NCSL), is strongly opposed to the preemptive nature of H.R. 5840, which would create an Office of Insurance Information (OII) at the U.S. Department of the Treasury and 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 OFC


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 said that it would be a step toward that end. Further, a U.S. Treasury Department *Blueprint for a Modernized Financial Regulatory Structure*, released earlier this year, called for Congress to create an Office of Insurance Oversight (OIO)—similar to the OII concept—as an immediate first step toward establishing an OFC.

NCOIL believes that H.R. 5840 will undermine state consumer protections and may prove detrimental to what is now a thriving insurance marketplace. We recommend that you oppose the bill and require

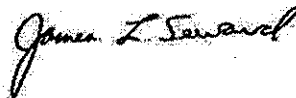
additional discussions in 2009, should it be reintroduced. To approve H.R. 5840 now—knowing that a Senate companion bill has not even been introduced—would only serve to embolden its supporters in the next Congress and dissuade a thorough dialogue about its ultimate impact. If passed, it would irreparably alter the face of insurance regulation.

Thank you for your time and consideration on this matter.

Sincerely,



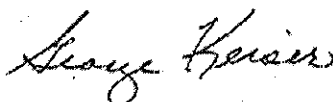
Rep. Brian Patrick Kennedy (RI)
NCOIL President



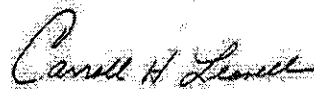
Sen. James Seward (NY)
NCOIL President-Elect



Rep. Robert Damron (KY)
NCOIL Vice President



Rep. George Keiser (ND)
NCOIL Secretary



Sen. Carroll Leavell (NM)
NCOIL Treasurer

cc: United States House of Representatives
NCOIL Executive Committee