

## National Conference of State Legislators (NCSL)

### **Summary of the NCSL Resolution In Opposition to the Administration's Proposed Plans For a Federal Office of National Insurance (Action Resolution)**

**WHEREAS**, the Administration's Financial Regulatory Reform Report states, "For over 135 years, insurance has primarily been regulated by the states, which has led to a lack of uniformity and reduced competition across state and international boundaries, resulting in inefficiency, reduced product innovations, and higher costs to consumers;" and,

**WHEREAS**, the Administration Report states, "Given the importance of a healthy insurance industry to the well functioning of our economy, it is important that we establish a federal office of National Insurance (ONI) within the Treasury, and that we develop a modern regulatory framework for insurance;" and

**WHEREAS**, the Administration's proposal would grant the ONI the ability to monitor all aspects of the insurance industry, including gathering information, identifying insurance-related regulatory gaps, and have the authority to enter into international agreements and increase international cooperation in regards to insurance regulation; and

**WHEREAS**, the Administration further recommends increased national uniformity through either a federal charter or effective action by states, "as our current insurance regulatory system is highly fragmented, inconsistent, and inefficient;" and

**WHEREAS**, the Administration Report fails to provide any evidence showing that state regulation of the business of insurance has led to or even contributed to the current financial crisis; and

**WHEREAS**, the Administration Report proposes that the ONI would have the authority to negotiate foreign agreements concerning insurance without any assurance that state insurance laws and regulations would be maintained;

**WHEREAS**, the National Conference of State Legislatures (NCSL) has consistently supported the state regulation of the business of insurance; and

**WHEREAS**, NCSL acknowledges the responsibility of states to adjust state systems to meet the needs of the modern economy; however, any changes to the current framework must preserve state flexibility and authority to meet the goals of modernization.

**THEREFORE BE IT RESOLVED**, that NCSL opposes the Administration's proposal to establish a federal Office of National Insurance within the Treasury Department.

*Expires August 2010*

For more information, visit the NCSL website: <http://www.ncsl.org>