



NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

July 9, 2008

The Honorable Paul Kanjorski
Chairman, Subcommittee on Capital Markets, Insurance and
Government Sponsored Enterprises
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

The Honorable Deborah Pryce
Ranking Member, Subcommittee on Capital Markets, Insurance and
Government Sponsored Enterprises
Committee on Financial Services
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Kanjorski and Ranking Member Pryce:

I write on behalf of the National Conference of State Legislatures to express our concern with H.R. 5840, the Insurance Information Act of 2008 as well as the Manager's Amendment that will be considered during the mark-up on Wednesday, July 9th in the Subcommittee. We appreciate your efforts to revise the original legislation to address concerns raised by our states' insurance commissioners with regard to the collection of insurance data. However, we must express our continued disappointment with the provisions authorizing the newly created Director of Insurance Information in the Treasury Department to preempt state insurance laws.

We acknowledge the supremacy of the federal government in international trade agreements and treaties. However, we are concerned that the authority given to this new office primarily to gather insurance data and disseminate this information to the appropriate federal officials, should not be broadened to determine what state insurance laws may or may not be in violation of international trade agreements or treaties. For the Office of Insurance Information to do both jobs would imply the establishment of another new large and costly federal bureaucracy.

The process outlined in the manager's Amendment that the Director of Insurance Information would use to preempt state insurance laws reminds my colleagues of the process used by the Office of the Comptroller of the Currency (OCC) in its letter ruling authority to preempt many state laws protecting the banking consumer. The determination as to whether or not a state insurance law is in violation of an international agreement or treaty should not be made by an unelected federal bureaucrat who holds no responsibility to the American consumer.

On behalf of my colleagues from across the nation, I would request that you not rush to act on this legislation, and take the time in this session of Congress to correctly fashion legislation that would

Donna D. Stone
State Representative
Delaware
President, NCSL

Sharon A. Crouch Steidel
Director, Information Systems
Virginia House of Delegates
Staff Chair, NCSL

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July 9, 2008
p. 2

be limited to the establishment of a cooperative effort between the states and the federal government to collect the appropriate insurance information for the use of federal policymakers. If the provisions giving the Director of Insurance Information the power to preempt state insurance laws is retained, the National Conference of State Legislatures will oppose the passage of this legislation.

We appreciate the opportunity to express our concerns to you and the members of the Subcommittee. Should you have questions about our concerns, please contact Neal Osten at 202-624-8660 or Christopher Coleman at 202-624-8673 in NCSL's Washington office.

Sincerely,

A handwritten signature in black ink that reads "Delores G. Kelley". The signature is written in a cursive style with a large initial "D".

Senator Delores G. Kelley, Maryland
Chair, Committee on Communications,
Financial Services & Interstate Commerce
National Conference of State Legislatures

cc. Members of the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises, House Financial Services Committee