

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

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