#### NATIONAL CONFERENCE OF INSURANCE LEGISLATORS

#### RESOLUTION IN OPPOSITION TO THE FEDERALIZATION OR DUAL REGULATION OF THE BUSINESS OF INSURANCE

#### Adopted by the NCOIL Executive Committee on July 13, 2001.

WHEREAS, the states have sole regulatory authority for the regulation of the business of insurance as provided under the McCarran-Ferguson Act, and reaffirmed by Section 104 of Title I of the Gramm-Leach-Bliley Financial Services Modernization Act; and

WHEREAS, protecting consumers and ensuring the safety and soundness of insurance companies operating in the United States are the prime objectives of state insurance regulation; and

WHEREAS, for the past 130 years, state insurance regulation has been successful and effective and adapted to change in the marketplace and the challenges of financial services modernization; and

WHEREAS, states are facing numerous challenges to their authority to regulate the business of insurance from federal efforts with regard to financial services modernization, electronic commerce and globalization; and

WHEREAS, the federal efforts to remove many of the regulatory restrictions between banks and other financial services could result in a competitive advantage for those financial service industries at the expense of the insurance industry; and

WHEREAS, state legislators and commissioners of insurance have acknowledged that the various and sometimes different state laws and rules with regard to the regulation of the business of insurance can present some obstacles to insurers which may keep them from being able to compete on a level playing field with other financial service industries; and

WHEREAS, such obstacles could lead to further erosion of state authority to regulate the business of insurance as insurers will look to the Congress and the Administration for relief; and

WHEREAS, such relief could manifest itself in further Congressional preemption of state insurance laws; and

WHEREAS, the National Conference of Insurance Legislators (NCOIL), in agreement with the National Conference of State Legislatures (NCSL) and the National Association of Insurance Commissioners (NAIC), has formally acknowledged the urgency to review current state insurance statutes and regulation and to make recommendations to its colleagues to streamline and simplify state insurance regulation for the 21st century; and

WHEREAS, some national associations representing insurers and banks doing business in insurance have prepared draft federal legislation to either establish one federal regulator of insurance or allow for dual federal and state regulation,

NOW, THEREFORE, BE IT RESOLVED, that NCOIL is committed to maintaining the States as the sole regulator of the business of insurance, and continues to support state efforts to streamline and simplify insurance regulation; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that NCOIL will oppose any proposal to establish either a federal or a bifurcated system of insurance regulation, cede any authority to federal agencies to regulate financial institutions involved in the business of insurance or Congressional ratification of trade agreements that preempt state insurance regulation; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that NCOIL believes that a heavy burden of proof of some kind of national economic catastrophe is imminent before federal intervention and preemption is ever justified; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the insurance industry in the United States is the healthiest and by far the strongest of all competitors in foreign markets; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that NCOIL declares that industry- produced federal legislation to create a federal role in the regulation of insurance is not justified or warranted; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that NCOIL will send a copy of this resolution to the President of the United State and all the members of the 107th Congress.