**NATIONAL CONFERENCE OF INSURANCE LEGISLATORS**

EXECUTIVE COMMITTEE

RESOLUTION EXTENDING THE NCOIL SPECIAL EXECUTIVE COMMITTEETASK FORCE TO REVIEW AND MAKE RECOMMENDATIONS TO STREAMLINE AND SIMPLIFY THE STATE REGULATION OF INSURANCE

FOR THE 21ST CENTURY

*Adopted by the NCOIL Executive Committee on July 7, 2000.*

*Amended by the NCOIL Executive Committee on February 21, 2003.*

WHEREAS, the states have sole regulatory authority for the regulation of the business of insurance as provided under the McCarran-Ferguson Act of 1945; and

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

WHEREAS, state insurance regulation has been successful and effective; 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 competitive advantages for those financial service industries at the expense of the insurance industry; and

WHEREAS, a number of insurers and their national associations have identified obstacles in state regulation of the insurance industry that keep them from being able to compete on a level playing field with other financial service industries; and

WHEREAS, such obstacles could lead to the 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, Congress has signaled that states needto streamline, simplify and establish more uniformity of regulation between the states;

NOW, THEREFORE BE IT RESOLVED, that NCOIL hereby extends its Special Executive Committee Task Force to review the status of state regulation of the business of insurance and to make recommendations for legislative action if it is so warranted; and

NOW, THEREFORE BE IT FURTHER RESOLVED, that while NCOIL acknowledges the efforts and guidance of our insurance regulators through the NAIC, state legislatures and governors have the sole responsibility to enact policy that state regulators enforce; and

NOW, THEREFORE BE IT FURTHER RESOLVED, that the creation of this Special Executive Committee Task Force does not in any way weaken the resolve of NCOIL to oppose any proposals to establish federal standards for state solvency regulation, cede any authority to federal agencies to regulate financial institutions involved in the business of insurance and Congressional ratification of trade agreements that preempts state regulation of insurance; and

NOW, THEREFORE BE IT FURTHER RESOLVED, that NCOIL believes a heavy burden of proof must be established before federal intervention and preemption is ever justified.

M:\NCOIL\**2003** Documents\**2003819a**.doc