

September 19, 2008

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
United States Capitol
Washington, DC 20510

Dear Madam Speaker:

As Officers of the National Conference of Insurance Legislators (NCOIL), we write to you to thank you for removing H.R. 5840, the *Insurance Information Act*, from the September 17 suspension calendar. NCOIL shares Congresswoman Jackie Speier's concerns regarding the potential for H.R. 5840, if enacted, to evolve into a federal insurance regulatory system and to jeopardize important state consumer protections.

We also write to correct what we believe are disingenuous remarks made by certain industry representatives, which link the need for the legislation with the recent American International Group (AIG) financial crisis. Regulatory failures related to AIG had little to do with state insurance regulation and much to do with lax federal oversight. We agree with Congresswoman Speier that state laws protect consumers well and that the bill is nothing more than a "fig leaf" for efforts to establish a federal insurance regulatory system.

We support the position of California nonprofit Consumer Watchdog and the Council Opposed to a Federal Insurance Regulator (COFIR) that there is no relationship between the AIG failure and the current state insurance regulatory system. AIG losses were suffered by its financial products division, not its insurance operations. Legislators, regulators, and consumer representatives alike agree that the state system should not serve as a whipping boy for federal agency shortcomings.

States have regulated insurance wisely for more than 135 years, and our consumer protection laws and company financial requirements are first-class. In fact, AIG's insurance subsidiaries—which are regulated at the state level—are generally considered as one of the company's most attractive and valuable assets. While the parent company failed due to risky and largely unregulated securities transactions, the state-regulated subsidiaries have succeeded and have provided insurance coverage worldwide.

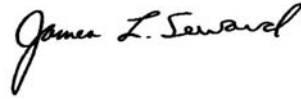
NCOIL again would like to thank you for rejecting recent efforts to pass H.R. 5840, a bill that has not enjoyed due process in Congress. The legislation raises many more questions than it seeks to answer and could lead to a system that would unwisely displace necessary state insurance regulation.

We appreciate your consideration of these matters. We look forward to working with you should you have any questions.

Sincerely,



Rep. Brian Patrick Kennedy (RI)
NCOIL President



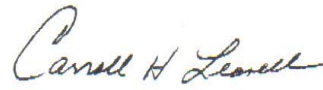
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cc: Congresswoman Jackie Speier
Members of the U.S. House of Representatives
NCOIL Legislators