

CHAPTER 663**HOUSE CONCURRENT RESOLUTION NO. 3059**

(Representatives Berg, Keiser, Wald)

(Senators Klein, Tallackson)

(Approved by the Delayed Bills Committee)

**INSURANCE REGULATION NONINTERFERENCE
URGED**

A concurrent resolution urging Congress to oppose federal legislation that would impair, erode, and limit the ability of state governments to regulate the business of insurance.

WHEREAS, regulation, oversight, and consumer protection have traditionally and historically been powers reserved to state governments; and

WHEREAS, state legislatures are the proper governmental entities to determine public policy on insurance issues as enacted under the federal McCarran-Ferguson Act of 1945, which reserved the regulation of the business of insurance to the states; and

WHEREAS, state legislatures are more responsive to the needs of their constituents and are more knowledgeable regarding the market conditions that may exist in individual states and the need for unique insurance products and regulation to meet their specific market demands; and

WHEREAS, state legislatures and other organizations such as the National Conference of Insurance Legislators, National Conference of State Legislatures, and the National Association of Insurance Commissioners have recognized difficulties in the marketplace that have created regulatory hurdles in certain states or delayed speed-to-market of insurance products; and

WHEREAS, state legislatures, the National Conference of Insurance Legislators, and the National Association of Insurance Commissioners have and continue to address uniformity issues between states by the adoption of model laws that address market conduct, product approval, agent licensing, and rate deregulation; and

WHEREAS, many state governments derive general revenues from the regulation of the business of insurance, including \$30,928,373 from premium taxes collected in the fiscal year ending June 30, 2004, by the state of North Dakota; and

WHEREAS, the proposed federal State Modernization and Regulatory Transparency (SMART) Act, which would create mandatory federal insurance standards preempting state law and undermining the sovereignty of state governments, is being contemplated by certain members of the United States Congress; and

WHEREAS, the proposed SMART Act would "federalize" insurance regulation and threaten the power of state legislatures, governors, insurance commissioners, and attorneys general to oversee, regulate, and investigate the

business of insurance, thereby impairing, eroding, and limiting their ability to protect the interests of their constituents; and

WHEREAS, many states, including North Dakota, have recently enacted and amended state insurance laws to modernize market regulation and provide insurers with greater ability to respond to changes in market conditions;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF NORTH DAKOTA, THE SENATE CONCURRING THEREIN:

That the Fifty-ninth Legislative Assembly urges the Congress of the United States to oppose federal legislation, such as the proposed SMART Act, which would impair, erode, and limit the ability of state governments to regulate the business of insurance; and

BE IT FURTHER RESOLVED, that the Secretary of State forward copies of this resolution to each member of the North Dakota Congressional Delegation, to members of the United States House of Representatives Committee on Financial Services, and to members of the United States Senate Committees on Banking, Housing, and Urban Affairs and Commerce, Science and Transportation.

Filed April 18, 2005