

## **Texas HR798 expressing opposition to any federal legislation that would create an optional federal charter for insurers**

Heading By: Taylor

H.R. No. 798 Title

RESOLUTION Code Digest Bill Text for 2009

TX HR 798

WHEREAS, For more than 150 years, state insurance regulators have provided effective consumer protection and industry oversight; some members of the United States Congress, however, have proposed to undermine this time-tested regulatory system by allowing insurance companies to opt out of state oversight and into a new federal system of chartering, licensing, regulation, and supervision; and

WHEREAS, State lawmakers have a unique understanding of the needs of their constituents and of the specific conditions and characteristics that apply in their insurance marketplace; they are able to assess and respond to changing circumstances specific to their states with appropriate modifications to regulations; and

WHEREAS, A federal charter system would permit companies to circumvent carefully crafted consumer protection laws and strong solvency requirements that have been put in place by individual states; proponents of such a federal system have cited the recent collapse of the American International Group as justification for a federal charter, but in fact, the insurance subsidiaries of AIG that are regulated at the state level have generally retained their value while federal oversight failed to prevent the meltdown of the parent company; and

WHEREAS, Given the faltering economy, it is more important than ever for state officials to exercise strong oversight of the insurance industry for the benefit of consumers and to maintain the stability of insurance companies; moreover, premium taxes on insurance are a significant source of revenue for the general funds of all states, providing more than two percent of state tax revenues according to the United States Census; experts estimate that an optional federal charter could eventually draw away from the states more than \$14 billion in premium taxes and fees; and

WHEREAS, The bifurcation of the insurance regulation system is unnecessary and likely to promote confusion, ambiguity, and fragmentation; it would create an expensive new federal bureaucracy that would inevitably be less nimble and responsive than state regulatory systems, while weakening the ability of the states to protect the interests of their residents; the McCarran-Ferguson Act of 1945 affirmed the role of states as principal regulators of insurance, and there is no compelling reason to make a change in the regulatory rights and responsibilities of the states; now, therefore, be it

RESOLVED, That the House of Representatives of the 81st Texas Legislature hereby express its opposition to any federal legislation that would create an optional federal charter for insurers; and, be it further

RESOLVED, That the chief clerk of the Texas House of Representatives forward official copies of this resolution to the president of the United States, to the speaker of the house of representatives and the president of the senate of the United States Congress, to the members of the U.S. House Financial Services Committee, to the members of the U.S. House Banking Committee, to the U.S. secretary of the treasury, and to all members of the Texas delegation to Congress with the request that this resolution be officially entered in the Congressional Record as a memorial to the Congress of the United States of America.