

## **NCOIL Leaders Continue To Fight Federal Regulation Proposals**

BY ALLISON BELL--NU Online News Service, Feb. 15, 2008, 1:04 p.m. EST

Top officials at the National Conference of Insurance Legislators have drafted a resolution that would repeat NCOIL's opposition to the idea of creating a national insurance regulatory agency.

The proposed resolution will appear on the agenda for the 4-day NCOIL spring meeting in Washington, which is set to start Feb. 28.

NCOIL, Troy, N.Y., has repeatedly opposed calls to supplement the current state insurance regulatory system with a federal insurance regulator.

Backers of the draft resolution just introduced include NCOIL President Rep. Brian Kennedy, D-Hopkinton-R.I.; NCOIL President-elect Sen. James Seward, R-Otsego, N.Y.; and NCOIL Vice President Rep. Robert Damron, D-Nicholasville, Ky.

Supporters of the "optional federal charter" concept say it would help free international insurers and large, national insurers from the need to spend heavily to cope with differences in state insurance laws, regulations and procedures.

Members of Congress now are considering S. 40 and H.R. 3200, two versions of a National Insurance Act bill that could create an OFC system.

Opponents to the OFC concept say it would increase bureaucracy and weaken consumer protection efforts.

Although OFC supporters say an OFC system would not necessarily reduce state insurance premium tax revenue, OFC opponents at NCOIL say that could be the ultimate outcome.

"An OFC would eventually draw from the states the almost \$14 billion of critical premium tax revenue they receive," the authors of the NCOIL draft resolution state in the draft text.

Creating an OFC system also could compromise guaranty fund coverage, according to the authors of the resolution.

The authors of the draft resolution also point to state insurance regulation modernization efforts, such as the formation of the Interstate Insurance Product Regulation Compact.

The draft resolution "will provide a model template for states to reiterate to their congressional delegations the harmful effects of OFC legislation," Kennedy says in a statement.

The draft resolution will start out Feb. 29 in the NCOIL state-federal relations committee, NCOIL says.