



NATIONAL CONFERENCE
of STATE LEGISLATURES

The Forum for America's Ideas

**Statement on the “National Insurance Act of 2006” (S. 2509)
Monday, July 10, 2006**

The nation’s governors and legislators strongly oppose S. 2509, the “National Insurance Act of 2006,” which would radically restructure the current system of insurance regulation by installing a new federal regulator, creating a massive new federal bureaucracy in Washington, and permitting insurance companies to “opt out” of comprehensive state oversight and policyholder protection.

States are better positioned than the federal government to balance the interests of U.S. insurance consumers with that of commercial competition. For over 150 years, states have ensured the financial solvency and stability of the industry, regulated market conduct, and protected consumers from fraud. This state-based system currently handles nearly 475,000 official consumer complaints and more than 3 million consumer inquiries and employs more than 10,000 local citizens to address these issues. Under this state-based system the insurance industry has thrived and enjoys growing and record profits.

State-based insurance regulation has evolved with changing industry and consumer needs and continues to improve and modernize, but S. 2509 would stifle these innovations in the ‘laboratories of democracy’. States are actively and creatively modifying laws, regulations, and systems to improve efficiency, to promote price competition, and to provide transparency. A national regulator is not needed and threatens the current, successful system.

Governors and legislators call upon Congress to reject this new federal regulatory regime and, instead, work with governors, state lawmakers and insurance commissioners in their efforts to modernize the national system of state-based insurance supervision.

For more information on the position of the states’ policymakers, please contact Juan Otero at the National Governors’ Association (202-624-5328) or Jeremy Meadows at the National Conference of State Legislatures (202-624-8664).