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CONTACT:

Susan Nolan
Mike Humphreys
NCOIL National Office
518-687-0178

NCOIL LEADERSHIP URGES GOVERNORS TO STAND GROUND— OFC WOULD HARM CONSUMERS

Troy, New York, August 24, 2007—Leadership of the National Conference of Insurance Legislators (NCOIL) in an August 24 letter to the National Governors Association (NGA) commended the NGA for promoting state interests, and urged the organization to stand its ground in opposing optional federal charter (OFC) legislation. The letter followed and disputed ill-advised recommendations by the American Insurance Association (AIA) and American Council of Life Insurers (ACLI) in an August 22 letter to the NGA.

NCOIL leadership says that “NCOIL would challenge the notion put forth in the ACLI/AIA letter that a dual charter ‘regulatory system reacts quickly to rapid changes in the marketplace and provides efficiencies and convenience to consumers.’” In its missive, NCOIL further expresses support for a July 10, 2006, joint NGA-National Conference of State Legislatures (NCSL) position statement that said, “States are better positioned than the federal government to balance the interests of U.S. insurance consumers with that of commercial competition.”

The NCOIL letter lays out the costs of a federal insurance bureaucracy—which would be established under S. 40/H.R. 3200, the *National Insurance Act of 2007*. NCOIL argues that “an OFC would set-up a bifurcated regulatory system for insurance, put at risk important state revenue, nullify critical state-initiated consumer safeguards, and delay and deny important consumer access and recourse in problem times.”

Further, the NCOIL letter recognizes a recent statement from the Coalition Opposed to a Federal Insurance Regulator (COFIR)—in which it notes that the “insurance industry is sharply divided on the issue of a federal insurance regulator” and that a clear majority of the tens of thousands of consumers surveyed by COFIR are opposed to OFC legislation.

The NCOIL letter also highlights the success of the Interstate Insurance Product Regulation

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Compact (IIPRC) that benefits insurance consumers in its 30 member states. NCOIL states that the IIPRC seeks to “bring innovative products to market much more quickly,” as requested by the ACLI and AIA have requested in their letter and says that the IIPRC would allow insurance companies “to make one central filing with the IIPRC and offer approved products in all IIPRC member states.”

The August 24 letter states that NCOIL leadership looks forward to discussing the issue further with the NGA, as the two groups share a common goal, that of “protecting insurance consumers and encouraging a thriving marketplace in our states.”

NCOIL is an organization of state legislators whose main area of public policy interest is insurance legislation and regulation. Most legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country. More information is available at www.ncoil.org.

Attached, for your information, is a copy of the August 24, 2007, letter. For further details, please contact the NCOIL National Office at 518-687-0178.

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