

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2006

JOINT RESOLUTION

IN OPPOSITION TO FEDERAL PREEMPTIVE INSURANCE REGULATORY MEASURES

Introduced By: Representatives Kennedy, Lewiss, Shanley, Lally, and Lima

Date Introduced: February 28, 2006

Referred To: House Corporations

1 WHEREAS, Regulation, oversight, and consumer protection have traditionally and
2 historically been powers reserved to state governments under the McCarran-Ferguson Act of
3 1945; and

4 WHEREAS, State legislatures are more responsive to the needs of their constituents and
5 the need for insurance products and regulation to meet their state's unique market demands; and

6 WHEREAS, Many states, including Rhode Island, have recently enacted and amended
7 state insurance laws to modernize market regulation and provide insurers with greater ability to
8 respond to changes in market conditions; and

9 WHEREAS, State legislators, the National Conference of Insurance Legislators, and the
10 National Association of Insurance Commissioners continue to address uniformity issues between
11 states by the adoption of model laws that address uniformity issues between states by the
12 adoption of model laws that address market conduct, product approval, agent licensing, and rate-
13 deregulation; and

14 WHEREAS, Initiatives are being contemplated by certain members of the United States
15 Congress that would destroy the state system of insurance regulation and create unwieldy and
16 inaccessible federal bureaucracies – all without consumer demand; and

17 WHEREAS, Many state governments derive general revenue dollars from the regulation
18 of the business of insurance, including \$51,732,000 from total revenues generated in 2003 for the
19 State of Rhode Island budget according to the United States department of Commerce Bureau of
20 Census and the National Association of Insurance Commissioner's 2003 budget, not including

1 state licensing fees, employment taxes and other business fees and taxes paid to the state of
2 Rhode Island by insurers; and

3 WHEREAS, These initiatives would eventually draw premium taxes and general
4 revenues from the states; and

5 WHEREAS, Such initiatives include optional federal charter proposals that would
6 bifurcate insurance regulation and allow companies to evade important state consumer
7 protections and the State Modernization and Regulatory Transparency (SMART) Act, which
8 would create mandatory federal insurance standards preempting Rhode Island state law; now,
9 therefore be it

10 RESOLVED, That the General Assembly of the state of Rhode Island and Providence
11 Plantations hereby expresses its strong opposition to such federal legislation that would threaten
12 the power of state legislators, governors, insurance commissioners, and attorney generals to
13 oversee, regulate and investigate the business of insurance, and to protect consumers; and be it
14 further

15 RESOLVED, That the Secretary of State be and he hereby is authorized and directed to
16 transmit duly certified copies of this resolution to the members of Rhode Island's United States
17 House and Senate Congressional delegation in Washington DC, the members of the United States
18 House of Representatives Committee on Financial Services, and the United States Senate
19 Committee on Banking, Housing and Urban Affairs.

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