

April 19, 2018

The Honorable Tim Scott  
U.S. Senate  
717 Hart Senate Office Building  
Washington, DC 20510

The Honorable Tammy Baldwin  
U.S. Senate  
709 Hart Senate Office Building  
Washington, DC 20510

The Honorable Mike Rounds  
U.S. Senate  
502 Hart Senate Office Building  
Washington, DC 20510

The Honorable Joe Manchin  
U.S. Senate  
306 Hart Senate Office Building  
Washington, DC 20510

Dear Senators Scott, Baldwin, Rounds and Manchin:

On behalf of the NAIC (National Association of Insurance Commissioners)<sup>1</sup>, we would like to express our support for S. 2702, the Business of Insurance Regulatory Reform Act of 2018. We appreciate your efforts in introducing this legislation in the Senate.

Consumer protection is the hallmark of our national state-based insurance regulatory system. That is why Congress has repeatedly confirmed the states' role in overseeing the insurance sector, including in the Dodd-Frank Act. While the Dodd-Frank Act contains an exception to Consumer Financial Protection Bureau (CFPB) authority with respect to our regulated entities, this proposal would make this exception more explicit and further effectuate congressional intent to defer to the states with respect to insurance policyholder protection.

We are proud of our track record in uncovering abuses and wrongful behavior in the insurance sector. Given the interconnected nature of our financial sector and the relative newness of the CFPB, it is understandable that some unintended overlap or duplication of effort with other regulators can occur. For that reason, it is appropriate for Congress to assess the operationalization of a new agency like the CFPB to clarify the limits of its authority and minimize redundancies or confusion that add undue costs ultimately passed on to consumers. The Business of Insurance Regulatory Reform Act provides important clarifications to the existing statute and helps mitigate these concerns.

We greatly appreciate your sponsorship of this legislation that confirms the authority of state insurance regulators. Thank you for your attention to this important issue.

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<sup>1</sup> Founded in 1871, the NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and the five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

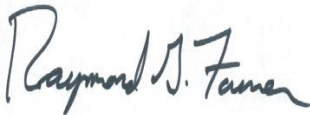
Sincerely,



*Julie Mix McPeak*  
NAIC President  
Commissioner  
Tennessee Department of  
Commerce & Insurance



*Eric A. Cioppa*  
NAIC President-Elect  
Superintendent  
Maine Bureau of Insurance



*Raymond G. Farmer*  
NAIC Vice President  
Director  
South Carolina Department of Insurance



*Gordon I. Ito*  
NAIC Secretary-Treasurer  
Commissioner  
Insurance Division  
Hawaii Department of Commerce  
and Consumer Affairs



*Michael F. Considine*  
Chief Executive Officer  
National Association of Insurance  
Commissioners