

April 30, 2018

The Honorable Dennis Ross  
U.S. House of Representatives  
436 Cannon HOB  
Washington, DC 20515

The Honorable Denny Heck  
U.S. House of Representatives  
425 Cannon HOB  
Washington, DC 20515

Dear Congressman Ross and Congressman Heck:

On behalf of the National Association of Insurance Commissioners (NAIC)<sup>1</sup>, we would like to express our support for H.R. 5666, the Primary Regulators of Insurance Vote Act of 2018. We greatly appreciate your efforts in offering this legislation to provide full voting participation for the state insurance regulator who serves on the Financial Stability Oversight Council (FSOC).

State insurance regulators are the primary financial regulators for the largest, most diverse insurance sector in the world, yet we have been singled out as the only primary and functional financial regulator without a voting seat on FSOC.<sup>2</sup> By providing a vote to state insurance regulators, the legislation would ensure that the insurance regulatory perspective is adequately represented in FSOC decisions that may affect the insurance sector and its regulation. It will also enhance FSOC's ability to monitor risks to United States financial stability. As the primary regulators of the insurance sector in the U.S., state insurance regulators have the necessary expertise and access to information to inform FSOC's risk monitoring work and help identify any systemic risks that could impact the industry and consumers. Importantly, state insurance regulators are the only members that can commit to regulatory action across the insurance sector to address any risks the Council may identify or other relevant regulatory concerns that may arise.<sup>3</sup> In this regard, the Treasury Department's recent report on the nonbank designations process, which recommends that FSOC shift to an activities-based approach to address systemic risk, further underscores the importance of providing state insurance regulators a vote.

We applaud your leadership on this meaningful legislation which will help ensure that FSOC can effectively monitor systemic risks to the U.S. financial system.

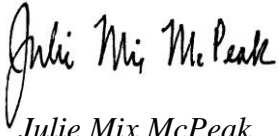
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<sup>1</sup> Founded in 1871, the NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and the five U.S. territories. Through the NAIC, 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.

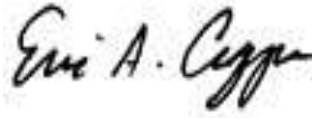
<sup>2</sup> 12 USC 5301 (domiciliary state insurance regulator is the "primary regulatory agency" for an insurance entity); 15 USC 6711 (insurance regulators are the functional regulators of the insurance sector).

<sup>3</sup> Neither the Independent Member with Insurance expertise nor the Federal Insurance Office has regulatory authority.

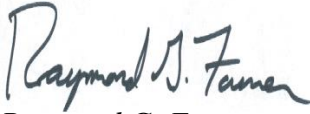
Sincerely,



*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*  
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South Carolina Department of Insurance  
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*Michael F. Considine*  
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