Thank you, Commissioner Hamm, for that very kind introduction. And many thanks to Senator Nelson, Commissioner Leonardi and the NAIC for the invitation to speak to you this afternoon.

Connecticut has long been known as the Insurance Capital, and for a good number of reasons. I cannot overemphasize the importance of this industry to our state. Insurance represents 9 percent of the state’s GDP. Insurance and financial services companies employ more of our citizens than any other industry. And Connecticut insurers purchase more than $2 billion of goods and services from other Connecticut-based companies. In fact, the Connecticut Insurance Department regulates the largest life insurance industry in the country and the second largest industry overall. If we were a standalone country, Connecticut would be one of the world’s ten largest insurance producing nations. And that is why the issues before you at this Forum are so important to Connecticut....the industry matters a great deal to our economy and to our citizens.

As a Governor, my responsibilities include producing a balanced budget, working with the legislature to improve the lives and livelihoods of our residents, and overseeing a wide range of agencies, including the Department of Insurance, to ensure they are effectively meeting their responsibilities to our citizens. All of which would make me a duck out of water here in Washington DC these days.

Insurance is unique within the financial system. Where most financial products are designed to acquire and expand wealth by taking on varying degrees of risk, insurance is designed to protect your wealth from risk. Insurance is a cornerstone of the foundation upon which we have built not just our system of finance, but the economy as a whole.

The U.S. insurance market is home to over 6000 insurers competing for $1.8 trillion in premiums, and U.S. insurers hold over $7 trillion in assets making them among the largest investors in the world. The U.S. insurance market is not just large, but attractive to insurers from around the globe. Virtually every large internationally active insurance group on earth has a presence in the U.S., and while our consumers benefit from that competition, our insurance sector is made healthier and more resilient by the diversification that comes from spreading risk globally.

Despite the understandable preoccupation with banks around the globe given their recent performance in the financial crisis, anyone who would argue that insurance only recently is important or global in reach clearly has not been paying attention. Insurance regulators around the globe are increasingly being called upon by policy makers to work together to ensure a level playing field for companies and
similar outcomes for consumers, regardless of where they live or what their country’s regulatory system looks like.

Of course, what differentiates the U.S. insurance sector from other jurisdictions represented in this room today is the decentralized, state-based regulatory structure. We’re not very far from our National Archives where the U.S. Constitution resides, so I will spare you the lecture in American federalism. But suffice it to say that our regulatory structure is not an accident or an afterthought, but a well-reasoned construct of federal and state law working together.

Almost seventy years ago, The McCarran Ferguson Act laid out the initial roadmap whereby regulation of insurance was deferred to the states, and this was reaffirmed and reexamined by subsequent Acts of Congress including the recent Dodd Frank Act. Some of you may be disappointed to hear this, but when it comes to insurance regulation, we, the States, are here to stay. This means that, unless Congress ignores our 140+ year track record and overcomes the resolute opposition of our nation’s Governors, state legislatures, and state regulators, the states, and not the Federal Government, will have the last word on whether international standards will become a reality in this country. But the unique nature of insurance regulation in the U.S. has not been, and will not be, an impediment to delivering the best outcomes for consumers and our industry.

We have a system that clearly managed the financial system well, ensuring enough capital and liquidity to weather what by all accounts was one of the most significant stresses to our financial system in history. We also have a system that fosters competition and is not a barrier to foreign market participants. In fact, the amount of insurance being written by foreign firms in the U.S., including from large markets like Europe and Asia, often dwarfs the amount being written by U.S. firms in those same jurisdictions. A question we should be asking here in Washington is not whether the states are enabling foreign investment, but rather whether enough is being done here in DC to open up the doors of economic opportunity for U.S. firms abroad.

Before I leave you with the impression that I and my fellow Governors are simply interested in defending the status quo, know that I take my home state’s reputation as the insurance capital seriously, and I fully appreciate the global and interconnected financial system that we are all working to make more fair and more resilient. Our system has to continuously evolve to keep pace with this reality, and we must constantly live up to the trust and responsibility placed in us to regulate this complex industry. We’re committed to working with our federal and international colleagues in good faith to look for solutions that make sense.

Everyone in this room knows we can’t put the round peg of banking rules into the square hole of the insurance business, and we know that we have to work together to jointly supervise global groups, to share information and data, and to coordinate across sectors so that risk has no safe place to hide. If you share that goal, and if you care more about what we do than where within the government we do it, you have a partner in the State of Connecticut. Thank you very much.