

Atlantic Corporate Center
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CHIEF EXECUTIVE OFFICER: Thomas B. Considine



PRESIDENT: Rep. Steve Riggs, KY
VICE PRESIDENT: Sen. Jason Rapert, AR
SECRETARY: Rep. Bill Botzow, VT
TREASURER: Rep. Matt Lehman, IN

IMMEDIATE PAST PRESIDENT:
Sen. Travis Holdman, IN

For Immediate Release

September 23, 2017

Contact: Paul Penna

(732) 201-4133

NCOIL EXPRESSES DISAPPOINTMENT IN COVERED AGREEMENT SIGNATURE

Manasquan, NJ – Commissioner Tom Considine, NCOIL CEO issued the following statement based on the news that the United States Treasury intends to sign the Covered Agreement:

“NCOIL has been saying for eight months that this agreement is a win for Wall Street at the expense of Main Street because companies that do not have the market presence to demand collateral contractually will lose its statutory protections and the companies large enough to demand it will continue to do so. Additionally, of course this agreement is an intrusion by both the federal government and international regulatory authorities into the U.S. state based regulation of insurance regulation that has effectively protected consumers and helped create the largest, most competitive and innovative insurance market in the world. By signing the agreement today puts that at significant risk. NCOIL and its members are profoundly disappointed.”

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NCOIL is a legislative organization comprised principally of legislators serving on state insurance and financial institutions committees around the nation. NCOIL writes Model Laws in insurance, works to both preserve the state jurisdiction over insurance as established by the McCarran-Ferguson Act seventy years ago and to serve as an educational forum for public policy makers and interested parties. Founded in 1969, NCOIL works to assert the prerogative of legislators in making state policy when it comes to insurance and educate state legislators on current and perennial insurance issues.

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H.R. 4537 – The International Insurance Standards Act of 2017

- **Sponsor – Rep. Sean P. Duffy (R-WI)**
- **Original Co-Sponsors – Rep. Denny Heck (D-WA); Rep. Brad Sherman (D-CA); Rep. Dennis Ross (R-FL); Rep. Ted Budd (R-NC); Rep. Michael Capuano (D-MA); Rep. Keith Rothfus (R-PA); Rep. Claudia Tenney (R-NY)**

H.R. 4537 would:

- Ensure that any international agreements relating to the prudential aspects of insurance reflect the successful U.S. state-based system of insurance regulation
- Ensure that state insurance regulators are part of the U.S. negotiating team working on any international insurance related agreements, and allow greater access to international insurance negotiating texts and other documents
- Require consultation with Congress and state insurance regulators before, during, and after negotiating any international insurance agreements
- Create a process by which Congress can disapprove of any international insurance agreements by means of passing a Joint Resolution

NCOIL supports H.R. 4537 because:

- The state-based system of insurance regulation was formalized by Congress in 1945 with the passage of the McCarran-Ferguson Act, and reaffirmed by the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010
- That state-based system has effectively protected consumers and helped create the largest, most competitive and innovative insurance market in the world
- Our state-based system should be held up as a model to be supported by our negotiators in international forums
 - o However, in the past several years a number of federal agencies have begun intruding into state-based insurance regulatory issues through interactions with key international organizations in ways Congress did not

intend, and, in certain instances, have taken positions during international negotiations that are different from and even contrary to the states', thereby weakening the states' voice

o A perfect example of this is the recently signed Covered Agreement - those international negotiations were held behind closed doors, ultimately to the detriment of the states and its companies and consumers

- NCOIL believes that transparency and open deliberations are a requirement in any and all international dialogues that would impact the proven U.S. state-based insurance regulatory system
- H.R. 4537 upholds the proven U.S. state based system of insurance regulation which places the protection of policyholders as its paramount objective
- One change to H.R. 4537 that we think would strengthen it is to include State legislators with insurance jurisdiction in the sections of the legislation that require consultation with State Insurance Commissioners
 - o As you know, the underpinnings of the proven State-based system of insurance regulation are the laws enacted by State legislators with insurance jurisdiction in their respective States.
 - o Accordingly, having such State legislators – those most informed as to how international insurance standards would affect the State-based system of the legislative framework supporting insurance regulation – involved in international standard setting discussions would be extremely beneficial.

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For Immediate Release

July 17, 2017

Contact: Paul Penna

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NCOIL CEO STATEMENT ON TREASURY SIGNING OF COVERED AGREEMENT

Manasquan, NJ – Commissioner Tom Considine, NCOIL CEO issued the following statement based on the news that the United States Treasury signed the Covered Agreement:

“NCOIL appreciates that the USTR and Treasury have affirmed state-based regulation of insurance. While we look forward to seeing the final details of the agreement and will comment further, state legislators stand ready to work with Treasury and USTR to ensure our system remains and thrives where companies are solvent and consumers continue to be protected.”

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National Conference of Insurance Legislators (NCOIL)

Resolution in Support of the National Association of Insurance Commissioners (NAIC) Credit for Reinsurance Model Law and Regulation (Reinsurance Models)

Adopted by the Executive Committee on July 17, 2016 and by the International Insurance Issues and State-Federal Relations Committees on July 16, 2016

Sponsored by Rep. Joseph Fischer (KY)

WHEREAS, in light of U.S. and EU representatives continuing their efforts towards the pursuit of a Covered Agreement in absence of an EU finding of US Equivalence, NCOIL believes that it is important to reaffirm its unqualified support for the U.S. state-based insurance regulatory system; and

WHEREAS, NCOIL believes that a Covered Agreement relating to reinsurance collateral requirements with collateral requirements below those set forth in the Reinsurance Models will pose an economic threat to the state-based regulation of insurance thereby undermining U.S. policyholders and companies; and

WHEREAS, State regulators have historically required foreign reinsurers to hold 100% collateral within the U.S. for the risks they assume from U.S. insurers, intended to ensure claims-paying capital is available and reachable by U.S. firms and regulators should it be needed, particularly in the wake of a natural disaster; and

WHEREAS, foreign reinsurers' regulators and politicians have objected to their companies having to post a high amount of collateral in the U.S. because it makes such capital unavailable for other purposes; and

WHEREAS, in 2011, the NAIC worked with State regulators and amended its Reinsurance Models to allow foreign reinsurers to post significantly less than 100% consumer protection collateral for U.S. claims, provided the reinsurer is evaluated and certified; and

WHEREAS, to date, 35 States have passed legislation to implement those Reinsurance Models, with additional States having plans to do so; and

WHEREAS, NCOIL believes that States that have passed or will pass the Reinsurance Models strengthen the argument that State regulation is flexible, adaptable to changes in

the global reinsurance markets, and respectful to other competent regulatory structures;
and

WHEREAS, NCOIL believes that if the Federal government enters into a Covered Agreement on reinsurance collateral, thereby capitulating to the requests of representatives of foreign reinsurers to post little to no collateral in the U.S., small and medium sized U.S. insurers and their customers will be greatly disadvantaged; and

WHEREAS, therefore, if implemented, NCOIL urges a Covered Agreement on reinsurance collateral to maintain as its floor the collateral requirements set forth in the NAIC's Reinsurance Models; and

NOW, THEREFORE, BE IT RESOLVED, that NCOIL strongly supports the NAIC Reinsurance Models and urges all States that have not already done so to adopt them; and

AND, BE IT FINALLY RESOLVED, that this resolution will be distributed to state legislative leadership, committee chairs and members, state regulators, and other interested parties.

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National Conference of Insurance Legislators (NCOIL)

Resolution Reaffirming Support for the U.S. State-Based System of Insurance Regulation in Response to Recent Federal Encroachment

Adopted by the State-Federal Relations and International Insurance Issues Committees on November 18, 2016, and by the Executive Committee on November 20, 2016.

Sponsored by Rep. Marguerite Quinn, PA

WHEREAS, the U.S. state-based system of insurance regulation has effectively protected consumers and helped create the largest, most competitive and innovative insurance market in the world; and

WHEREAS, Congress has repeatedly affirmed the primacy of state-based insurance regulation, including the McCarran-Ferguson Act in 1945 and most recently in the Dodd-Frank Act; and

WHEREAS, in the past several years a number of federal agencies, including the Federal Reserve and the Treasury, have begun intruding into state-based insurance regulatory issues through interactions with key international organizations in ways Congress did not intend; and

WHEREAS, in certain instances, federal agencies have taken positions during international negotiations that are different from and even contrary to the states', thereby weakening the states' voice; and

WHEREAS, those international negotiations are held behind closed doors, again to the detriment of the states and its companies and consumers; and

WHEREAS, NCOIL believes that transparency and open deliberations are a requirement in any and all international dialogues that would impact the proven U.S. state-based insurance regulatory system; and

WHEREAS, failure to include and respect the voice of state legislators and regulators in development of federal and global proposals regarding insurance could have far-reaching and troubling consequences for the U.S. insurance markets and its consumers and companies; and

NOW, THEREFORE, BE IT RESOLVED, that NCOIL reaffirms its unqualified support for the U.S. state-based insurance regulatory structure; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that NCOIL supports legislation such as H.R. 5143 and S. 1086, introduced during the 114th Congress, that requires transparency and accountability in any international initiatives impacting state insurance regulation; and

AND, BE IT FINALLY RESOLVED, that a copy of this resolution will be distributed to the Senate Majority Leader, the Senate Minority Leader, the Speaker of the House, the House Minority Leader, the Senate Banking Committee Chairman, the Senate Banking Committee Ranking Member, the House Financial Services Committee Chairman, the House Financial Services Committee Ranking Member, federal and state insurance legislators and regulators, the Financial Stability Board, the International Association of Insurance Supervisors, the Federal Insurance Office, the Department of Treasury, the Federal Reserve Board, and other interested parties.