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National Conference of Insurance Legislators
...for the states

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May 10, 2010

The Honorable Jeff Merkley
107 Russell Senate Office Building
Washington, DC 20510

Dear Senator Merkley:

I am writing on behalf of the leadership of the National Conference of Insurance Legislators (NCOIL) to relay our position on your amendment to S. 3217, the *Restoring American Financial Stability Act of 2010*.   While NCOIL cannot support the concept of an Office of National Insurance (ONI) and feels it is unnecessary, we applaud your efforts to preserve successful state oversight and limit federal powers to negotiate international agreements.

By confining ONI scope to "covered agreements" rather than "international insurance agreements on prudential measures" and providing criteria for action, NCOIL believes you have narrowed the broadly drawn authority of the current Senate proposal and weakened the opportunity for feared "mission creep." In doing this, you have made what NCOIL has always considered an onerous proposal less onerous.

NCOIL acknowledges that by requiring the ONI Director to consider the effects of preemption before making a determination, your amendment works to sustain state authority. While we are not sure how well this would play out, setting up these safeguards is a positive approach.

By requiring state, Congressional, and USTR consultation; public notice and comment; and state recourse to appeal ONI preemptive measures, the amendment would lend more accountability to a proposal that currently has little.

In summary, while NCOIL supports enhanced state and federal information-sharing, we assert that ONI proposals seek a solution to a problem that does not exist. State insurance regulation has prevailed—while that of banks and thrifts has contributed to, and suffered—during the current financial crisis.   We appreciate that your amendment recognizes this strength and seeks to limit federal authority.

Sincerely,

Rep. Robert Damron (KY)
NCOIL President, on behalf of NCOIL Steering Committee
(Officers, Chairs, Past Presidents)

cc: United States Senate
         NCOIL Legislators