

By: Eiland

H.C.R. No. 59

HOUSE CONCURRENT RESOLUTION

1 WHEREAS, The regulation and oversight of business and the
2 protection of consumers are powers that have traditionally and
3 historically been reserved for state governments; and

4 WHEREAS, State legislatures are the proper governmental
5 entities to determine public policy on insurance issues, as
6 provided under the McCarran-Ferguson Act of 1945, which reserves
7 the regulation of the business of insurance to the states; and

8 WHEREAS, State legislatures are uniquely positioned to
9 respond quickly to the needs of local constituents due to their
10 knowledge regarding market conditions in their respective states
11 and their awareness of the type of insurance products and
12 regulations that would best meet their states' specific market
13 demands; and

14 WHEREAS, State legislatures and organizations such as the
15 National Conference of Insurance Legislators (NCOIL), the National
16 Conference of State Legislatures (NCSL), and the National
17 Association of Insurance Commissioners (NAIC) have recognized that
18 certain difficulties in the marketplace have resulted in regulatory
19 hurdles in certain states and have delayed the introduction of
20 insurance products to consumers; and

21 WHEREAS, State legislatures, NCOIL, and NAIC have addressed
22 and will continue to address uniformity among the states by
23 adopting model laws relating to such insurance issues as market
24 conduct, product approval, agent licensing, and rate deregulation;

1 and

2 WHEREAS, Many state governments derive general revenue from
3 the regulation of the business of insurance, including \$1.045
4 billion from premium taxes generated for the state of Texas in 2003;
5 and

6 WHEREAS, The State Modernization and Regulatory Transparency
7 (SMART) Act, which would create mandatory federal insurance
8 standards preempting state laws and undermining the sovereignty of
9 state governments, is being contemplated by certain members of the
10 United States Congress; and

11 WHEREAS, This proposed legislation would "federalize"
12 insurance regulation and thereby threaten the power of state
13 legislators, governors, insurance commissioners, and attorneys
14 general to oversee, regulate, and investigate the business of
15 insurance, thereby impairing, eroding, and limiting the ability of
16 state officials to protect the interests of their constituents; and

17 WHEREAS, Many states, including Texas, recently enacted or
18 amended their insurance laws to modernize market regulation,
19 providing insurers with greater ability to respond quickly to
20 changes in market conditions and providing consumers with
21 additional protections; now, therefore, be it

22 RESOLVED, That the 79th Legislature of the State of Texas
23 express its strong opposition to the SMART Act and any similar
24 federal legislation that would impair, erode, and limit the ability
25 of state governments to regulate the business of insurance; and, be
26 it further

27 RESOLVED, That the Texas secretary of state forward official

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1 copies of this resolution to the chair of the U.S. Senate Committee
2 on Commerce, Science, and Transportation; to the chair of the U.S.
3 House Committee on Financial Services; and to all the members of the
4 Texas delegation to the United States Congress.