

1-1 By: Eiland, et al. (Senate Sponsor - Averitt) H.C.R. No. 59
1-2 (In the Senate - Received from the House February 24, 2005;
1-3 March 30, 2005, read first time and referred to Committee on
1-4 Business and Commerce; May 2, 2005, reported favorably by the
1-5 following vote: Yeas 9, Nays 0; May 2, 2005, sent to printer.)

1-6 HOUSE CONCURRENT RESOLUTION

1-7 WHEREAS, The regulation and oversight of business and the
1-8 protection of consumers are powers that have traditionally and
1-9 historically been reserved for state governments; and

1-10 WHEREAS, State legislatures are the proper governmental
1-11 entities to determine public policy on insurance issues, as
1-12 provided under the McCarran-Ferguson Act of 1945, which reserves
1-13 the regulation of the business of insurance to the states; and

1-14 WHEREAS, State legislatures are uniquely positioned to
1-15 respond quickly to the needs of local constituents due to their
1-16 knowledge regarding market conditions in their respective states
1-17 and their awareness of the type of insurance products and
1-18 regulations that would best meet their states' specific market
1-19 demands; and

1-20 WHEREAS, State legislatures and organizations such as the
1-21 National Conference of Insurance Legislators (NCOIL), the National
1-22 Conference of State Legislatures (NCSL), and the National
1-23 Association of Insurance Commissioners (NAIC) have recognized that
1-24 certain difficulties in the marketplace have resulted in regulatory
1-25 hurdles in certain states and have delayed the introduction of
1-26 insurance products to consumers; and

1-27 WHEREAS, State legislatures, NCOIL, and NAIC have addressed
1-28 and will continue to address uniformity among the states by
1-29 adopting model laws relating to such insurance issues as market
1-30 conduct, product approval, agent licensing, and rate deregulation;
1-31 and

1-32 WHEREAS, Many state governments derive general revenue from
1-33 the regulation of the business of insurance, including \$1.045
1-34 billion from premium taxes generated for the state of Texas in 2003;
1-35 and

1-36 WHEREAS, The State Modernization and Regulatory Transparency
1-37 (SMART) Act, which would create mandatory federal insurance
1-38 standards preempting state laws and undermining the sovereignty of
1-39 state governments, is being contemplated by certain members of the
1-40 United States Congress; and

1-41 WHEREAS, This proposed legislation would "federalize"
1-42 insurance regulation and thereby threaten the power of state
1-43 legislators, governors, insurance commissioners, and attorneys
1-44 general to oversee, regulate, and investigate the business of
1-45 insurance, thereby impairing, eroding, and limiting the ability of
1-46 state officials to protect the interests of their constituents; and

1-47 WHEREAS, Many states, including Texas, recently enacted or
1-48 amended their insurance laws to modernize market regulation,
1-49 providing insurers with greater ability to respond quickly to
1-50 changes in market conditions and providing consumers with
1-51 additional protections; now, therefore, be it

1-52 RESOLVED, That the 79th Legislature of the State of Texas
1-53 express its strong opposition to the SMART Act and any similar
1-54 federal legislation that would impair, erode, and limit the ability
1-55 of state governments to regulate the business of insurance; and, be
1-56 it further

1-57 RESOLVED, That the Texas secretary of state forward official
1-58 copies of this resolution to the chair of the U.S. Senate Committee
1-59 on Commerce, Science, and Transportation; to the chair of the U.S.
1-60 House Committee on Financial Services; and to all the members of the
1-61 Texas delegation to the United States Congress.

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