

By: Taylor

H.R. No. 798

R E S O L U T I O N

1           WHEREAS, For more than 150 years, state insurance regulators  
2 have provided effective consumer protection and industry  
3 oversight; some members of the United States Congress, however,  
4 have proposed to undermine this time-tested regulatory system by  
5 allowing insurance companies to opt out of state oversight and into  
6 a new federal system of chartering, licensing, regulation, and  
7 supervision; and

8           WHEREAS, State lawmakers have a unique understanding of the  
9 needs of their constituents and of the specific conditions and  
10 characteristics that apply in their insurance marketplace; they are  
11 able to assess and respond to changing circumstances specific to  
12 their states with appropriate modifications to regulations; and

13           WHEREAS, A federal charter system would permit companies to  
14 circumvent carefully crafted consumer protection laws and strong  
15 solvency requirements that have been put in place by individual  
16 states; proponents of such a federal system have cited the recent  
17 collapse of the American International Group as justification for a  
18 federal charter, but in fact, the insurance subsidiaries of AIG  
19 that are regulated at the state level have generally retained their  
20 value while federal oversight failed to prevent the meltdown of the  
21 parent company; and

22           WHEREAS, Given the faltering economy, it is more important  
23 than ever for state officials to exercise strong oversight of the  
24 insurance industry for the benefit of consumers and to maintain the

1 stability of insurance companies; moreover, premium taxes on  
2 insurance are a significant source of revenue for the general funds  
3 of all states, providing more than two percent of state tax revenues  
4 according to the United States Census; experts estimate that an  
5 optional federal charter could eventually draw away from the states  
6 more than \$14 billion in premium taxes and fees; and

7 WHEREAS, The bifurcation of the insurance regulation system  
8 is unnecessary and likely to promote confusion, ambiguity, and  
9 fragmentation; it would create an expensive new federal bureaucracy  
10 that would inevitably be less nimble and responsive than state  
11 regulatory systems, while weakening the ability of the states to  
12 protect the interests of their residents; the McCarran-Ferguson Act  
13 of 1945 affirmed the role of states as principal regulators of  
14 insurance, and there is no compelling reason to make a change in the  
15 regulatory rights and responsibilities of the states; now,  
16 therefore, be it

17 RESOLVED, That the House of Representatives of the 81st Texas  
18 Legislature hereby express its opposition to any federal  
19 legislation that would create an optional federal charter for  
20 insurers; and, be it further

21 RESOLVED, That the chief clerk of the Texas House of  
22 Representatives forward official copies of this resolution to the  
23 president of the United States, to the speaker of the house of  
24 representatives and the president of the senate of the United  
25 States Congress, to the members of the U.S. House Financial  
26 Services Committee, to the members of the U.S. House Banking  
27 Committee, to the U.S. secretary of the treasury, and to all members

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1 of the Texas delegation to Congress with the request that this  
2 resolution be officially entered in the Congressional Record as a  
3 memorial to the Congress of the United States of America.