

BILL ANALYSIS

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By: Averitt
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

State insurance regulators have ensured the solvency of this nation's insurers, implemented a comprehensive consumer protection scheme, licensed insurance companies and agents, and supervised other areas of the insurance business for over 150 years. State regulators oversee thousands of insurance companies and millions of agents and respond to more than three million inquiries per year. State insurance regulation has been largely successful and effective, has adapted to changes in the marketplace, and encourages innovation. State legislatures and state insurance regulators are more responsive to the needs of consumers and are more aware of and responsive to the unique characteristics and demands of individual states. Many states, including Texas, regularly update state insurance laws and have recently enacted legislation that enables the insurance industry to more effectively respond to changing market conditions. Governors, state legislators, and insurance commissioners have acknowledged the need to streamline and simplify insurance regulation and are working to enact reforms to remedy the unnecessary differences in state laws and eliminate requirements that prevent insurers and agents from serving the needs of insurance consumers in an effective and timely manner. The 109th Congress considered and the 110th Congress is expected to consider legislation that would establish an entirely new insurance regulatory system at the federal level and threaten the continued viability of the state system in the process. A new and untested federal insurance regulatory system would almost certainly be more remote and politicized and less accessible and responsive to consumers than the current state system. If enacted by congress, these proposals would bifurcate insurance regulation between the states and the federal government, conflicting with the state system of consumer protections and financial surveillance, as well as inevitably causing a loss of jobs, taxes, fees, and other vital and necessary state revenues needed to effectively regulate the insurance market and provide revenues to support residual market programs. Insurance companies paid \$13.8 billion in annual premium taxes to the states in 2004, and a federalization of insurance regulation could put these payments and other fees and revenues at risk.

RESOLVED

That the 80th Legislature declare to the Congress of the United States the legislature's commitment to maintaining the states as the sole regulators of the business of insurance and to supporting state efforts to streamline, simplify, and modernize insurance regulation, and urges the Congress of the United States to oppose any proposed law that would establish a federal insurance regulatory system or otherwise alter the McCarran-Ferguson Act.

Requires the Texas secretary of state to forward official copies of this resolution to the president of the United States, the speaker of the house of representatives and the president of the senate of the United States Congress, to the members of the U.S. House Financial Services Committee, to the members of the U.S. House Banking Committee, to the U.S. secretary of the treasury, and to all the members of the Texas delegation to the congress with the request that this resolution be officially entered in the Congressional Record as a memorial to the Congress of the United States of America.