November 28, 2017

The Honorable Michael D. Crapo
Chairman
Banking, Housing and Urban Affairs Committee
U.S. Senate
534 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Crapo:

We write on behalf of the National Association of Insurance Commissioners (NAIC)[1] to request that key insurance related reform initiatives be included in S. 2155, the Economic Growth, Regulatory Relief and Consumer Protection Act. While our membership has not taken a position on the entire bill as a package of reforms, we applaud your leadership in offering this bipartisan financial reform legislation and demonstrating a willingness to work collaboratively to refine regulatory authorities at the federal level.

Specifically, we are seeking the inclusion of two additional areas of reform that we believe will ensure the interests of the U.S. insurance regulatory system are appropriately represented here at home and abroad. First, we request that S. 1360, the bipartisan International Insurance Capital Standards Accountability Act be added to the underlying legislation. State insurance regulators are committed to working with federal agencies to ensure that any international standards are appropriate for, and adaptable to, our markets. We believe Congress has an important role to play in overseeing the policy objectives of the Treasury Department and the Federal Reserve in international standard-setting discussions, and we appreciate legislative efforts to encourage our federal counterparts to coordinate more closely with state insurance regulators. We also support efforts to promote a more transparent decision-making process at the international level. S. 1360 accomplishes these goals by creating formalized structures for congressional oversight, increased transparency of international insurance standard-setting activities, and consultation with state insurance regulators.

Second, a state insurance regulator representative should be given a vote on the Financial Stability Oversight Council (FSOC).[2] State insurance regulators are the primary financial regulators for the largest, most diverse insurance sector in the world, yet we have been singled out as the only primary financial regulator without a voting seat on the FSOC. Treasury's recent report on the nonbank designations process, which recommends that FSOC shift to an activities-based approach to addressing systemic risk further underscores the importance of providing state insurance regulators a vote. Not only do state insurance regulators have the necessary expertise and information regarding the sector to inform FSOC's risk monitoring work, but state insurance regulators are the only ones that can commit to taking regulatory action across the entire insurance sector to address any

[1] Founded in 1871, the NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and the five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

[2] Any constitutional concerns could be addressed by meeting the requirements of the Appointments clause through Presidential appointment and Senate confirmation of the state insurance regulator member.

identified risks.[3] The lack of a voting insurance regulator member on the FSOC is a detriment to the Council's important work and U.S. financial stability.

We also applaud the inclusion of S.223 the Senior Safe Act in the legislation. The Senior Safe Act seeks to expose financial exploitation and protect vulnerable older adults. Millions of aging seniors do not have enough to afford a secure retirement, yet, it is estimated that roughly one in five older Americans have been victimized by financial fraud. Providing liability protections to financial institutions and their employees when taking actions to protect our aging population is important because they see abuse first-hand and are in often the best position to report such mistreatment. These provisions will complement our Retirement Security Initiative which was launched to provide aging consumers with the resources they need to make informed decisions and not fall victim to the scams of bad actors.

Thank you again for your leadership on these issues. We look forward to working with you as the committee undertakes its important work on financial regulatory reform in the coming months.

Sincerely,

Theodore K. Nickel
NAIC President
Commissioner
Wisconsin Office of the
Commissioner of Insurance

Julie Mix McPeak
NAIC President-Elect
Commissioner
Tennessee Department of
Commerce & Insurance

Eric A. Cioppa
NAIC Vice President
Superintendent
Maine Bureau of Insurance

Raymond G. Farmer
NAIC Secretary-Treasurer
Director
South Carolina Department of Insurance

Michael F. Consedine
Chief Executive Officer
National Association of Insurance
Commissioners

cc: Senator Dean Heller
Senator Jon Tester
Senator Susan Collins
Senator Claire McCaskill

[3] The Federal Reserve has limited regulatory authority within the insurance sector as it only regulates the single remaining FSOC designated firm and depository institution holding companies with insurance operations. Neither the Independent Member with Insurance Expertise nor the Federal Insurance Office has any regulatory authorities over the insurance sector.