

**THE COUNCIL OF STATE GOVERNMENTS  
RESOLUTION OPPOSING CONTINUING FEDERAL INSURANCE  
CHARTERING EFFORTS**

**WHEREAS**, regulation, oversight, and consumer protection have traditionally and historically been powers reserved to state governments under the McCarran-Ferguson Act of 1945; and

**WHEREAS**, state legislatures are more responsive to the needs of their constituents and the need for insurance products and regulation to meet their state's unique market demands; and

**WHEREAS**, state officials continue to monitor, review and regulate the banking, insurance and securities industries as it relates to their individual jurisdictions with distinction; and

**WHEREAS**, initiatives are being contemplated by certain members of the United States Congress and the U.S. Department of the Treasury that have the potential to destroy the state system of insurance regulation and create an unwieldy and inaccessible federal bureaucracy—all without consumer and constituent demand; and

**WHEREAS**, such initiatives include H.R. 5840—the *Insurance Information Act*—proposed legislation would create a foundation for an OFC that would bifurcate insurance regulation and result in a quagmire of federal and state directives promoting ambiguity and confusion; and

**WHEREAS**, the enactment of legislation leading to a federal insurance charter would allow companies to opt out of state insurance regulatory oversight and evade important state consumer protections; and

**WHEREAS**, a potential federal insurance office cannot by its very nature, respond, as state regulation does, to states' individual and unique insurance markets and constituent concerns; and

**WHEREAS**, the attempt to link the financial collapse of the American International Group (AIG) to the lack of regulation at the state level is disingenuous since the insurance lines of AIG regulated by state regulators remain among its most financially viable and attractive assets; and

**WHEREAS**, AIG's financial problems were precipitated by the parent company's risky and largely unregulated securities transactions in credit default swaps, an area subject to the regulatory oversight of the federal U.S. Office of Thrift Supervision; and

**WHEREAS**, an optional federal regulatory system would only be optional for insurers, not for consumers, taxpayers, businesses and local economies; and

**BE IT THEREFORE RESOLVED**, that The Council of State Governments supports and encourages state actions to preserve the preeminence of state-regulated insurance systems and seeks to alert and educate state officials about the continuing efforts to preempt state regulatory authority with a movement toward an optional federal charter.

Adopted this 6th day of December, 2008 at the CSG 75<sup>th</sup> Anniversary Celebration and Annual Meeting in Omaha, Nebraska.



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Governor M. Jodi Rell  
2008 CSG President



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Rep. Kim Koppelman  
2008 CSG Chair