

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda-underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

ALEC's Corporate Board
—in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Inuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Sall River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at www.SourceWatch.org.

RESOLUTION URGING CONGRESS NOT TO AMEND OR REPEAL THE MCCARRAN-FERGUSON ACT*Summary*

Under the McCarran Ferguson Act of 1945 insurance regulation is reserved to the state. The Act further provided for state oversight over a portion of anti-trust law. Although the federal government maintains responsibility for enforcing laws against boycotts, coercion and intimidation, insurance companies were allowed to share claims data, subject to state law. Until recently, no state had prohibited insurance companies from sharing claims data.

Recent events in the property and casualty marketplace have suggested that states ought to prohibit sharing of claims data or that the McCarran-Ferguson Act should be repealed so that the federal government can prohibit the practice. Advocates for repealing McCarran-Ferguson cite that forbidding the sharing of data will promote competition. However, the reverse is true. The allowing of data to be shared benefits small companies that do not have the actuarial resources to assess risk and therefore promotes competition.

Model Resolution

WHEREAS the McCarran-Ferguson Act provides a limited federal antitrust exemption which is essential to a healthy, competitive insurance market and provides generally for state, rather than federal, regulation of the insurance business; and

WHEREAS the insurance industry is competitive under traditional antitrust tests and is made up of thousands of competitors, with virtually no barriers to new entrants; and

WHEREAS state regulation of insurance for insolvency and consumer protection has worked well in serving consumers' interests for more than 40 years; and

WHEREAS repeal or substantial modification of the McCarran-Ferguson Act would impede or preempt state efforts to promote a highly competitive insurance marketplace within the respective states; and

WHEREAS elimination or substantial modification of the McCarran-Ferguson Act would not result in increased availability or lower cost of insurance; and

WHEREAS elimination or substantial modification of the McCarran-Ferguson Act to prohibit or hamper the joint collection and sharing of essential industry data, or the pooling of risks, could cause uncertainty in the industry, resulting in a disruptive transition period which could impair companies' competitiveness, concentration of the industry, increased litigation, higher administrative costs, and ultimately higher consumer costs, with no consumer benefits; now, therefore, be it

RESOLVED that the legislature of the State of (state) hereby requests that Congress maintain the current system of state regulation of insurance and make no changes in the McCarran-Ferguson Act; and be it further

RESOLVED that the clerk of the (House of Representatives or Senate) transmit copies of this resolution to the President and Vice President of the United States and to each member of the Congress of the United States.

About Us and **ALEC EXPOSED**. The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish www.PRWatch.org, www.SourceWatch.org, and now www.ALECExposed.org. For more information contact: editor@prwatch.org or 608-260-9713.