Resolution on the State Regulation of Insurance

Summary

The Resolution on the State Regulation of Insurance opposes any attempt by the federal government to regulate the insurance industry. Specifically, the Resolution calls on Congress to adopt a proportional liability scheme for cleaning up waste sites, giving states the maximum flexibility and capability to clean-up waste sites without passing clean-up costs to taxpayers through joint and several liability.

Model Resolution

WHEREAS, the American Legislative Exchange Council (ALEC) supports the continuation of state regulation of the insurance industry and opposes any attempt at federal preemption; and

WHEREAS, ALEC is opposed to any federal intrusion by Congress or the Administration which would adversely impact the solvency of state property and casualty insurance guaranty funds as well as life and health insurance guaranty funds. An insolvent insurer is a financial burden on a state's guaranty; and

WHEREAS, ALEC is also concerned with recent efforts to fashion a national solution to environmental waste problems that relies in part on a establishing a federal role in liability insurance and will oppose any federal plan for environmental liability and reinsurance which adversely impacts a state's ability to levy premium taxes, regulate the business of insurance and sets solvency standard for property and casualty; and

WHEREAS, in the same vein, ALEC is concerned that retroactive, strict, and joint and several liability schemes with regard to hazardous wastes and superfund sites may force untold financial responsibilities on property and casualty insurers. Under such liability schemes, property and casualty insurer could be forced into insolvency which will not only adversely impact other innocent policyholders but also could become a drain on state treasuries by requiring a financial bailout of potentially responsible parties by a state's taxpayers;

NOW, THEREFORE BE IT RESOLVED, that the State/Commonwealth of (insert state name) urges Congress to adopt a proportional liability scheme for conduct after 1987 which places liability on those most responsible for dumping waste. The liability scheme must provide maximum flexibility for states to certify capability to clean-up sites, encourage, not deter, reuse of industrial properties, and not pass clean-up costs indirectly onto state taxpayers under the scheme of joint and several liability which ALEC has consistently opposed; and

BE IT FURTHER RESOLVED, that copies of this resolution be sent to each member of Congress.

Adopted by the CIED Task Force November 16, 2007. Approved by the ALEC Board of Directors December 2007