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Interstate Insurance Product Regulation Compact Resolution

WHEREAS, the states have successfully and effectively protected insurance consumers and ensured the safety and soundness of insurance companies operating in the United States for over 150 years; and

WHEREAS, the states have regulatory authority for the regulation of insurance as provided under the McCarran-Ferguson Act and as recently affirmed by the Gramm-Leach-Bliley Financial Services Modernization Act of 1999; and

WHEREAS, the American Legislative Exchange Council (ALEC) strongly believes that states should continue as regulators of the business of insurance, and

WHEREAS, governors, legislators, and insurance commissioners have acknowledged the need to streamline and simplify insurance regulation for the 21st century financial services marketplace and are enacting specific reforms to address differences in state laws and rules that can present obstacles to insurers, consumers' needs and market efficiencies; and

WHEREAS, Congress has called on states to streamline, simplify and modernize state insurance regulation or face federal action, including possible federal insurance regulation, which would preempt state laws, and would undermine state authority to protect insurance consumers; and

WHEREAS, the National Association of Insurance Commissioners (NAIC) has adopted model legislation for an Interstate Insurance Product Regulation Compact (Compact) to establish a voluntary, state-based system to receive, review and approve life insurance, annuity, disability income, and long term care insurance products that meet national uniform standards that member states would create; and

WHEREAS, the compact ensures broad participation by all member states, incorporates legislative involvement and oversight, encourages decisions through consensus, and protects states' authority to opt-out of uniform standards and, if necessary, to voluntarily withdraw from the compact; and

WHEREAS, ALEC believes that the Compact would help to preserve state regulation while raising insurance product standards, improving the quality of product review, and providing life insurance companies the regulatory efficiency that they need to compete in the 21st Century financial services marketplace.

NOW, THEREFORE, BE IT RESOLVED, THAT the American Legislative Exchange Council will continue to support state efforts to streamline, simplify and modernize insurance regulation and recommends the NAIC Interstate Insurance Product Regulation Compact Model Act to the states for their consideration and support; and

BE IT FURTHER RESOLVED, THAT a copy of this resolution along with the NAIC Interstate Insurance Product Regulation Compact Model Act be sent to state legislative leaders, the members of state legislative committees of interest, the nation’s governors, the President of the United States, the Secretary of the Treasury, and the members of the 109th Congress.

Adopted by the CIED Task Force at the States and Nation Policy Summit in December, 2005. Approved by the ALEC Board of Directors January, 2006.