Resolution in Support of Insurance Commissioners’ Exclusive State Regulatory Authority Over Variable Life Insurance and Variable Annuities

Model Resolution

WHEREAS, variable life insurance and variable annuities are subject to a comprehensive federal and state regulatory structure, enforced by state insurance commissioners, the Securities and Exchange Commission and the National Association of Securities Dealers, which covers these products from design through their marketing and sale and

WHEREAS, an overwhelming majority of the states give their insurance commissioners exclusive state jurisdiction to regulate the issuance and sale of variable life insurance and variable annuities and

WHEREAS, an overwhelming majority of the state securities laws exempt variable life insurance and variable annuities from state securities regulation and

WHEREAS, variable life insurance and variable annuities are among the most heavily regulated products in today’s financial services marketplace and

WHEREAS, there has been no demonstration of empirical statistical evidence of abuses in the marketing and sale of variable life insurance and variable annuities and

WHEREAS, there has been no evidence presented that state insurance commissioners are unable or unwilling to effectively and comprehensively regulate variable life insurance and variable annuities and

WHEREAS, a streamlined, efficient system of regulatory oversight is necessary for insurers and producers to be competitive in today’s rapidly evolving financial services marketplace and

WHEREAS, the National Conference of Commissioners on Uniform State Laws (NCCUSL) has adopted the Uniform Securities Act (2002) which, among other things, allows each legislature to determine whether to include variable life insurance and variable annuities within the definition of the term “security” and

WHEREAS, NCCUSL rejected a proposal that would have expressly brought variable life insurance and variable annuities within the definition of the term “security,” which would have subjected these products and the producers who sell them to an unnecessary, redundant and inconsistent layer of oversight by state securities commissioners and

WHEREAS, in the upcoming legislative sessions, state legislatures may be considering legislation to revise their laws to conform with the Uniform Securities Act (2002) and

WHEREAS, the members of these state legislatures may be looking for guidance on this issue,

NOW THEREFORE BE IT RESOLVED, that the American Legislative Exchange Council endorses and supports state insurance commissioners having exclusive authority at the state level over the regulation of the issuance, marketing and sale of variable life insurance and variable annuities, and opposes any state legislation or regulation that would grant state securities regulators jurisdiction over the issuance and sale of such products or that would define variable life insurance or variable annuities as "securities" under state law.