

**May 2025****Eliminate the Federal Insurance Office**

- *The NAIC supports the complete elimination of the Federal Insurance Office (FIO) as currently constructed.*
- *The Treasury Department's Federal Insurance Office's role is completely incompatible with the Congressionally affirmed primacy of state-based insurance regulation through the McCarran-Ferguson Act.*
- *While it is appropriate for Treasury to have insurance expertise on staff, FIO was empowered with authorities (e.g. subpoena power and data collection from regulated entities) that exceed Treasury's role, undermine state regulators' independence, and duplicate regulatory functions and authorities that Congress has delegated to the states.*

Background

The Federal Insurance Office (FIO) was established in 2010 under the *Dodd-Frank Wall Street Reform and Consumer Protection Act*. Operating within the U.S. Department of the Treasury, FIO was tasked with monitoring the insurance industry, identifying regulatory gaps, and representing the United States in international insurance matters. FIO has no regulatory authority and serves only in an advisory capacity, however, some of its authorities essentially duplicate and conflict with regulatory powers reserved by Congress for the states.

FIO's ability to collect confidential supervisory information from insurers duplicates data already gathered by state regulators and undermines the trusted framework that ensures market stability. In the international forum, FIO's role has caused confusion, as it purports to represent the U.S. in regulatory forums without being a regulator, diminishing the effectiveness of state-led engagement on behalf of our sector.

State regulators support Treasury retaining insurance expertise for functions like the Terrorism Risk Insurance Program (TRIP) and foreign covered agreements, but its role should be to coordinate with the functional regulators, not supersede them.

Key Points

- ✓ FIO's structure and authorities' conflict with the long-standing deference to state regulation of insurance and duplicate supervisory efforts.
- ✓ FIO's participation in international regulatory bodies undermines U.S. creditability by assigning a representative role to a non-regulator.
- ✓ Treasury should continue to maintain insurance expertise for appropriate federal functions, such as the Terrorism Risk Insurance Program (TRIP), but not operate as a *de facto* regulatory office.