November 04, 2025
U.S. Department of Treasury
Attention: Office of General Counsel
1500 Pennsylvania Avenue NW
Washington, DC 20220
RIN 1505-ZA10

Re: *GENIUS Act Implementation*

We write on behalf of state insurance regulators and the National Association of Insurance Commissioners (NAIC)[1], which represents the chief insurance regulators in the 50 states, the District of Columbia, and the 5 U.S. territories. For more than a century and a half, state insurance regulators have worked collaboratively to ensure a stable, fair, and consumer-focused insurance marketplace, adapting to new risks and technologies as they emerge. Insurance has always been built on the principles of safety and long-term financial protection, and people rely on their policies to be there for life. As Treasury considers how implementation of the GENIUS Act may affect the insurance sector, it can be confident that the existing state-based system already provides a proven and adaptable framework for regulating insurers' financial stability and protecting consumers.

State regulators evaluate new financial instruments, like digital assets, through a prudential lens—meaning they focus on ensuring firms can meet their obligations to customers and withstand shocks without threatening stability—and have applied that approach to digital assets, specifically, by classifying them as non-admitted. [2] A non-admitted asset in insurance regulation refers to an asset that an insurer owns but is not allowed to count on its statutory financial statement for solvency purposes either because they lack sufficient liquidity or realizable value to meet policyholder obligations. This treatment reflects the same conservative principles that have governed insurance oversight for more than a century. The current framework ensures that insurer investments remain stable, and policyholder funds are

[1] As part of our state-based system of insurance regulation in the United States, the NAIC provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. The U.S. standard setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. For more information, visit www.naic.org.

[2] *Nat'l Ass'n of Ins. Comm'rs*, INT 21-01, Statutory Accounting Treatment for Digital Assets (adopted June 2021), in Accounting Practices & Procedures Manual (Nat'l Ass'n of Ins. Comm'rs 2025), https://content.naic.org/sites/default/files/committee_related_documents/11%2520Adoptions%2520posted%25205.15.2024.pdf

protected, while allowing states to continue monitoring market developments and respond as needed without new federal overlay.

Furthermore, insurers face no state regulatory barriers to offering coverage to digital asset companies. Insurers may provide errors and omissions, directors' and officers' liability, cyber, crime, or any other needed line of insurance to a digital asset firm just as they would to any other commercial policyholder. The market for such coverage remains limited because of insurer risk appetite and the relatively small scale of digital asset firm policyholders in this sector, rather than as a result of state regulation.

Although insurers face no state regulatory barriers to providing coverage for digital asset firms, state insurance regulators view proposals for insurers to act as payment stablecoin issuers or to act as other digital asset service providers as raising significant prudential, consumer protection, and operational concerns, due to the extremely volatile and operationally complex nature of these digital assets.

The NAIC appreciates Treasury's outreach to state regulators and supports ongoing consultation as required under federal law. However, we do not see a need for additional insurance-specific regulation under the GENIUS Act. The existing state-based regulatory framework continues to effectively safeguard insurer solvency and policyholder protection in this developing market.

Thank you again for the opportunity to comment. We remain available to discuss these issues further as Treasury proceeds with implementation.

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