



National Association of Insurance Commissioners

July 8, 2008

The Honorable Paul Kanjorski
Chairman, Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises
House Financial Services Committee
2188 Rayburn House Office Building
Washington, DC 20515

The Honorable Deborah Pryce
Ranking Member, Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises
House Financial Services Committee
320 Cannon House Office Building
Washington, DC 20515

Dear Chairman Kanjorski and Ranking Member Pryce:

We are writing to express the views of the National Association of Insurance Commissioners (NAIC) on the Manager's Amendment to H.R. 5611, the National Association of Registered Agents and Brokers (NARAB) Reform Act of 2008.

Insurance commissioners have worked for a very long time to address insurance producer reform. We worked hard to meet the nonresident reciprocity standards of the 1999 Gramm Leach Bliley Act and have continued to work diligently towards uniformity in resident licensing standards. We have made great progress and have achieved many successes, which include exceeding the Congressionally-set threshold for nonresident reciprocity by having 43 States (soon to be 47) meet the standard; replacing the old and cumbersome paper filing system with a state-of-the-art electronic filing system through the NAIC's affiliate organization, the National Insurance Producer Registry (NIPR); and forming an NAIC/Industry Producer Licensing Coalition to partner with the national trade groups on our resident uniformity initiatives. However, most insurance commissioners agree that further improvement is needed in the area of nonresident producer licensing. This is one of the exceptionally rare instances where Federal legislation is helpful and therefore we support this bill.

We have worked closely with the sponsors of the bill and with the producer community to address many of the concerns we originally had with the initial bill regarding limiting its scope to nonresident licensing, preserving State disciplinary authority over producers and other important consumer protections, narrowing the potential preemptive effect, protecting State budgets and allowing for State regulator control of the Board. The Manager's Amendment ensures that State insurance regulators maintain a primary role in the NARAB structure and functions, and includes

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language to protect State budgets. Improvements have been made to the point where we can support the Manager's Amendment to H.R. 5611. This bill will achieve the goal of nonresident reciprocity in insurance producer licensing as originally set out in the NARAB provisions of the Gramm Leach Bliley Act, and will work in partnership with existing State licensing operations. The NAIC recognizes that streamlined nonresident producer licensing is an important goal, and we believe that the targeted approach taken by the Manager's Amendment to H.R. 5611 achieves that objective without compromising State consumer protections. If any changes are made to this bill during markup they should err in favor of protecting State consumers and State revenues.

We thank the sponsors and cosponsors of this legislation for working with their State regulators to achieve a good bill. Although the NAIC is supporting the latest version of the legislation, this is a unique case and should not be misinterpreted to support any further preemption of State laws. Insurance regulatory reform should always begin and end with the States.

Sincerely,



Sandy Praeger
President
National Association of Insurance Commissioners

cc: Hon. David Scott
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