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Testimony of The Council of Insurance Agents & Brokers

House Financial Services Committee Subcommittee on Housing and Insurance
Hearing on The Federal Insurance Office's Report on Modernizing Insurance Regulation

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Chairman Hensarling and members of the Committee, thank you for the opportunity to testify before you today. My name is Scott Sinder. I am the General Counsel of the Council of Insurance Agents & Brokers (The Council), and a partner at Steptoe & Johnson LLP. My testimony today is on behalf of The Council and its member firms.

The Council represents the nation's leading, most productive and most profitable commercial property and casualty insurance agencies and brokerage firms. Council members specialize in a wide range of insurance products and risk management services for business, industry, government, and the public. Operating both nationally and internationally, with nearly one in five members with presence outside the United States, Council members conduct business in more than 5,000 locations, employ well over 250,000 people, and annually place approximately 85 percent – well over $200 billion – of all U.S. insurance products and services protecting business, industry, government and the public at-large, and they administer billions of dollars in employee benefits. Since 1913, The Council has worked in the best interests of its members, securing innovative solutions and creating new market opportunities at home and abroad.

Thank you for inviting The Council to testify today with respect to the Federal Insurance Office (FIO) report on "How to Modernize and Improve the System of Insurance Regulation in the United States" (the Report) which was published in December 2013. Creating an effective and efficient insurance regulatory system in the United States is important not only to insurance brokers and the industry in general, but to consumers, policyholders and the economy as a whole. The FIO Report provides a roadmap for reaching that goal.

We believe the Report is authoritative and compelling. In the long history of the debate over federal versus state insurance regulation, the Report hits the right notes of balance. As the Report says, it is not so much the question of federal versus state authority, "but whether there are areas in which federal involvement in regulation under the state-based system is warranted." Like FIO, we believe there are areas where the federal government can and should be involved directly in insurance regulation, and areas where direct federal action may not be warranted, but federal pressure on the states could go a long way toward improving regulation at the state level.

The Council represents the agents and brokers who collectively sell the overwhelming majority of insurance products to American businesses. From a business insurance standpoint, there are a number of recommendations in the Report that, if implemented, would significantly impact – in a positive way – the ability of our members to operate and serve their clients, the insurance consumers who need coverage to operate their businesses. These recommendations include direct federal involvement in the international arena, as well as indirect federal involvement through standard-setting and the implementation of national standards and rules in insurance producer licensing and surplus lines insurance.

<u>International – FIO's Recommendations for Direct Federal Involvement in IAIS and Trade Issues is Good for American Brokers and for American Businesses</u>

In the category of "areas for direct federal involvement in regulation," we believe the case for a unified voice international insurance negotiations is persuasive and, in many respects, irrefutable. Coordination of international insurance regulatory policies is critical to insurance brokers, insurance consumers, and to U.S. economic growth. The stakes are too high on the international regulatory environment for our industry to be represented in a confusing, disjointed, competitive way.

As the Report notes, "many aspects of the insurance sector are increasingly global and standard-setting activities will deeply affect oversight of the industry in both developed and emerging markets around the world. Moreover, inattention to global matters and discord among jurisdictions could lead to competitive disadvantages for U.S. firms." The U.S. insurance industry creates American jobs by exporting its products and services and by helping other U.S. industries take the risks they need to grow globally. Initiatives that open global insurance markets and create a level playing field will provide brokers the structural framework needed to allow them to service their clients wherever they operate around the world, thus benefitting the U.S. economy and job market, and, indeed, economies around the world. Much remains to be done, however, to reach these goals. That is why we were pleased that the NRRA empowered FIO in the international arena, establishing a single voice for the U.S. in international regulatory matters, and that FIO, in the Report and in its actions to date, has taken on this role with enthusiasm and assertiveness. FIO's international leadership role is a game changer, the importance of which cannot be overstated.

Until the creation of the FIO under Title V of the Dodd-Frank Act, the U.S. lacked a single authoritative voice on international insurance matters. The FIO now brings together under one Federal office the authority to coordinate U.S. international insurance efforts. Furthermore, its advisory authority to the Secretary of Treasury on "major domestic and prudential international insurance policy issues," will elevate insurance priorities to be more on par with banking and securities.

The Council enthusiastically supports FIO's international authority and particularly looks forward to having a single U.S. voice engaging with the International Association of Insurance Supervisors (IAIS), as opposed to the state insurance regulators and their trade association (the NAIC) who have no authority to speak for the U.S. government on insurance policy matters. We note that the state regulators, through the NAIC, remain involved with IAIS, and we believe their technical expertise will remain important in supporting the FIO and IAIS efforts. But the single, authoritative voice of FIO is what is needed at this juncture.

The IAIS has, among other responsibilities, international standard setting authority granted by member nations of the G-20. The IAIS's standard setting authority, which is a fairly recent development, makes it even more critical that the interests of the U.S. insurance sector, from the market and regulatory perspectives, are methodically coordinated and represented by a federal office. The single voice that the FIO brings to the IAIS will be critical in ensuring that the U.S. perspective will be heard and heeded in that group's development of "principal" papers, which are intended to guide regulators around the globe on "best practices" in the development of insurance regulatory structures and rules. It is critical that the U.S. approach to regulation have a strong advocate in this process. To that end, we believe the FIO is better suited to represent American interests than representatives of the individual state insurance commissioners. FIO's voice will strengthen insurance regulation, business development, and the broader U.S. economy. We look forward to working with FIO, Congress, and international bodies on global issues impacting our sector and its global competitiveness.

In addition to international regulatory deliberations and standard-setting, the FIO has an important role working with USTR in advancing U.S. insurance interests in international trade discussions, which are critical to insurance brokers and the entire industry as the U.S. marketplace matures and insurance is increasingly global in scope. The Report strongly asserts FIO's role in this area.

Brokers' business interests in the international arena are driven by issues impacting access to foreign and emerging markets, increasing regulatory transparency overseas, servicing U.S. business clients abroad, boosting international regulatory cooperation, and the development of international regulatory standards. Market liberalization policies that ease access for U.S brokers and the insurance community will be a critical component to lifting the global economy, including the economy here at home, and creating American jobs. Market access and trade liberalization policies go hand in hand with economic growth strategies. The USTR has provided excellent leadership on this front for insurance brokers and in representing our interests in trade negotiations. We are heartened that the Report addresses FIO's international trade role and look forward to FIO's increased participation in the area, which we believe can be of particular help in ensuring the USTR's success by using its bully pulpit to advance the interests of the U.S. insurance sector and by coordinating efforts to resolve any conflicts between the federal government and states over insurance.

Covered Agreement on Reinsurance Collateral: As brokers, we know that spreading risk globally is a key to providing the reinsurance capacity that the U.S. insurance market needs. We are pleased that the FIO report recommended that Treasury and USTR pursue a covered agreement on reinsurance collateral requirements, because this is an area where international cooperation is critical. Equally important, such a covered agreement is needed to forestall emerging foreign regulatory barriers to U.S. reinsurers

State laws generally require foreign reinsurers to deposit collateral in the U.S. for their reinsurance obligations. This requirement applies regardless of the reinsurer's financial strength, credit rating or history of claims payment. For the largest global reinsurers, this amounts to billions of dollars on static deposit in the U.S. and these amounts are unavailable to pay the very claims being secured. A recent NAIC Model Act, recognizing these difficulties, moves in the right direction but the patchwork implementation of such model provides little practical relief absent the uniformity that only a covered agreement is likely to provide. CIAB therefore agrees with FIO that a covered agreement is necessary to address cross-border harmonization of reinsurance collateral requirements.

FATCA: Finally, we note that the Report does not discuss Foreign Account Tax Compliance Act, or "FATCA."   The law is designed to "incentivize" foreign financial institutions ("FFIs") to submit investment income reports for U.S. citizens who maintain accounts with them. The "incentive" is a big stick – any U.S. funds that are sent to an FFI are subject to a 30 percent withholding unless that FFI qualifies for an exemption. This greatly concerns Council members because premiums remitted to foreign insurers are subject to the FACTA withholding requirements unless the foreign insurer demonstrates that it qualifies for a withholding exemption. This includes premiums on property and casualty policies even though such policies have no cash value and provide no financial investment income, and even though the foreign carriers that provide such coverage almost never offer cash value policies that would be subject to the FATCA reporting requirements. We believe that FATCA was not intended to cover such payments, and unnecessarily burdens insurance brokers and their clients with costly compliance obligations. For that reason, we have urged the Treasury Department to exclude property and casualty insurance premiums from FATCA coverage, to no avail thus far. As the federal government's insurance experts, we believe that FIO understands our concerns and we hope that FIO will use its influence to encourage exemption of property and casualty insurance from FATCA's withholding requirements.

Domestic – FIO's Recommendations for Federal Involvement Through National Standard-Setting and State Implementation Will Help Make the State Regulatory Environment More Efficient and Effective

On the domestic front, the Report highlights two issues important to Council members that illustrate how the federal government can affect change by establishing national standards and rules to be implemented at the state level. We are gratified by the Report's unequivocal call for final enactment of a uniform agent/broker nonresident licensure clearinghouse, the National Association of Registered Agents and Brokers (NARAB), as well as the Report's pledge to monitor state implementation of the surplus lines portion of the Nonadmitted and Reinsurance Reform Act (NRRA) provisions of the Dodd-Frank Act and determine whether federal action may be warranted in the near term.

As a preliminary matter, we note that the Report does not address a third domestic issue important to insurance brokers and businesses across the nation: the Terrorism Risk Insurance Act (TRIA), which is up for renewal this year. The President's Working Group on Financial Markets is studying the issue and will be issuing a report on TRIA later this year. We strongly support renewal of TRIA and we hope that FIO will be a strong voice for renewal of the backstop. TRIA has not cost the federal government a dime in insured losses, but has been critical in establishing a stable terrorism insurance market, allowing insurers to provide affordable terrorism coverage to policyholders across the country. Without TRIA, policyholders needing terrorism coverage will face dramatic increases in premiums, if coverage is available at all.

NRRA Implementation

With respect to surplus lines taxation, the Report specifically states that FIO will continue to monitor state progress on implementation of the surplus lines provisions of the Dodd-Frank Act (the Non-Admitted and Reinsurance Reform Act (NRRA)), and determine whether federal action may be warranted in the near term. The Council strongly supports FIO's continued oversight of NRRA implementation by the states – and the prospect of future federal action if needed. As the Report suggests, the NRRA could be a model for insurance regulatory reform because it preserves state regulation while providing incentives for states to act in in a manner consistent with federal guidelines. But the states have not fully embraced the possibilities of the law. The Report recognizes, with almost palpable disappointment, that the states have not met this opportunity, which is the reason FIO's continued oversight is needed.

As the Report notes, despite Congress's best intentions in drafting the NRRA, the state implementation process has been marked by confusion and frustration. For brokers, this is particularly problematic with respect to the law's most important reform – surplus lines premium taxation.

Prior to the enactment of the NRRA, the collection and distribution of surplus lines premium taxes had been a confusing and complex challenge for surplus lines brokers for many years. The NRRA reforms addressed this problem through single state regulation; that is, by permitting only the home state of the insured to require the payment of premium taxes in connection with a surplus lines transaction or direct nonadmitted insurance placement. The statute leaves no ambiguity about the intended goal and provides that "[n]o state other than the home state of an insured may require any premium tax payment for nonadmitted insurance."

Although the NRRA's tax provisions are straightforward, because of the uncoordinated way in which the states have implemented the law, brokers still face unnecessarily cumbersome and costly compliance requirements in many states.

Most states, to their credit, have opted to tax – and keep – 100% of surplus lines premium tax for coverage provided to home state insureds. A small number of these states are taxing the coverage at the rate of the state in which the risk is located, forcing brokers to undertake the burdensome task of allocating risks and taxes. This method thwarts the clear intent of Congress to streamline and simplify how surplus lines taxes were collected. Moreover, it unnecessarily increases the frictional costs for consumers and insurance producers who must allocate risks across multiple states and then collect taxes at the different state rates. Most of these "100%" states, however, are taxing the entire premium at a single rate – their own. We think this is the easiest and most logical method of implementing the NRRA's premium tax provision and are encouraging the rest of the states to follow their lead.

Unfortunately, there are a number of states that continue to require brokers to allocate and pay surplus lines tax in accordance with the location of the risk and the rate of the state where the risk is located. Currently, five states participate in a premium tax sharing arrangement under NIMA, the Nonadmitted Insurance Multi-State Agreement. Those states are Florida, Louisiana, South Dakota, Utah, and Wyoming. Puerto Rico is also a member. If one of these jurisdictions is the home state of the insured, the premium tax must be allocated and submitted to the Surplus Lines Clearinghouse, operated by the Florida Surplus Lines Services Office. In addition to the tax, the Clearinghouse charges a filing fee of .30% for each submission, which effectively increases the tax rate on any policies filed through the Clearinghouse. Moreover, anecdotal evidence from brokers indicates that administrative costs in NIMA allocation states are approximately 2.5 times more than costs in the states that tax and retain 100% at their own rates.

The Council is currently in the process of soliciting, through Freedom of Information Act requests, tax sharing information from the NIMA states to determine how much of the premium taxes filed are actually shared among the states. Preliminary numbers indicate that those amounts are low and certainly do not justify the costs of compliance.

In addition to NIMA, nine states are members of SLIMPACT, the Surplus Lines Insurance Multi-State Compliance Compact. SLIMPACT is not operational at this time because, in accordance with the terms of the compact, in order to be effective ten states, or states representing 40% of all surplus lines premium volume, must adopt the compact. If SLIMPACT's clearinghouse becomes operational, the broker will be required to pay tax and report allocation information to the SLIMPACT clearinghouse in accordance with the rules and timeframes mandated by the SLIMPACT Commission for all transactions in which the home state of the insured is a SLIMPACT state.

Producer Licensing and NARAB

The Report discusses producer licensing at some length, noting the problems caused by the lack of uniformity across the states, the resulting regulatory burdens and costs, and the impact on consumers. The Report specifically cites information presented to FIO with respect to the excessive number of licenses required to be held by a single brokerage and its producers, noting that these duplicative administrative and regulatory burdens have "no corresponding consumer benefit." To address these issues, the Report strongly endorses adoption of the NARAB II legislation, and recommends that implementation of the legislation be monitored by FIO.

The Council has long supported adoption of NARAB II, and we welcome FIO's strong endorsement of the legislation in the Report. Moreover, we welcome FIO's interest in the long-term success of the organization as evidenced by the recommendation that the office monitor its implementation.

The Report makes two suggestions if NARAB is adopted: (i) the interests of consumers should "receive due consideration and remain a priority" and (ii) the interests of states that are not (and cannot) participate in the NARAB board (due to state law prohibitions) should be somehow integrated into the decision-making process of the new organization. We share these goals, and believe the NARAB II legislation currently pending in Congress provides the framework to ensure that consumer interests and the interest of states that are not on the NARAB board to be heard.

The Council's efforts to improve and streamline state producer licensing requirements goes back decades. We were strong advocates of the NARAB provisions of the Gramm-Leach-Bliley Act (GLBA)[1] and the reforms put in place by the states since that time. Although insurance agent and broker ("producer") licensing processes have improved over the last decade and a half – thanks in large part to GLBA – there remain redundancies, inefficiencies and inconsistencies across the states that result in unnecessary costs on insurance producers and consumers due to the regulatory and administrative burdens the requirements impose. This is why The Council supports adoption of NARAB II, and the creation of NARAB.

We believe creation of NARAB is the only way to achieve comprehensive producer licensing reform. NARAB II creates a national "passport" for insurance producer licensing. Insurance producers licensed in their home states can obtain non-resident licenses for any and all other states through the NARAB licensing clearinghouse. It is optional for agents – so an agent can choose to go through NARAB or directly through the states. Moreover, NARAB would not replace or displace state insurance regulation. Indeed, the legislation takes great pains to ensure that there is no question regarding state authority, and clarifies the state's continuing role in the licensure process through the notice period and regulator participation in NARAB, as well as incorporation of the highest state standards in NARAB's licensing requirements.

State Insurance Agent and Broker Licensing Today

GLBA's NARAB provisions required that a majority of the 56 U.S. insurance regulatory jurisdictions[2] enact either uniform agent and broker licensure laws or reciprocal laws permitting an agent or broker licensed in one state to be licensed in all other reciprocal jurisdictions simply by demonstrating proof of licensure and submitting the requisite licensing fee.

[1] Pub. L. No 106-102, 113 Stat. 1338 (1999).
[2] The 56 jurisdictions are the 50 states, the District of Columbia, Guam, the Northern Mariana Islands, Puerto Rico, Samoa and the Virgin Islands.

After enactment of GLBA, the state insurance regulators, through the NAIC, chose to pursue enactment of reciprocal licensing requirements, and pledged to ultimately exceed reciprocity by establishing uniform producer licensing requirements in all the states. The regulators amended the NAIC's Producer Licensing Model Act (PLMA) to meet the NARAB reciprocity provisions, and most of the states followed by enacting some sort of licensing reforms. In 2002, the NAIC officially certified that a majority of the 56 U.S. insurance regulatory jurisdictions met the NARAB reciprocity requirements, thereby averting creation of NARAB.[3] The NAIC currently considers 47 jurisdictions (46 states and the District of Columbia) are reciprocal for producer licensing purposes.

Even among the states deemed reciprocal, however, administrative inefficiencies and inconsistencies remain that affect every insurer, every producer and every insurance consumer. In a recent study, the Foundation for Agency Management Excellence (FAME)[4] compiled extensive data on state licensing laws and regulations, as well as implementation of those laws and rules. Despite similar requirements in many of the states, the research shows that differences and inconsistencies abound – whether its business entity lines of authority (required in approximately 30 states, but not required in the rest); pre-licensing education requirements (some states require no pre-licensing education, the rest require between 20 and 200 hours of education); producer appointments (some states require individuals to be appointed with carriers, some require agencies to be appointed, some require both, some require renewals, some are perpetual, etc.); and numerous other requirements. While these may seem like small issues, they can easily turn into large problem for entities with insurance producers licensed as residents in multiple jurisdictions: they must constantly renew licenses throughout the year, based upon the individual requirements in each state.

Reciprocity has helped smooth over some of these differences, but unless there is real uniformity in administrative procedures as well as statutory requirements, brokers – and insurance consumers – will continue to suffer from unnecessary costs.

[3] NAIC NARAB (EX) Working Group Report: Certification of States for Producer Licensing Reciprocity Adopted Aug. 8, 2002; NAIC Certification of States for Producer Licensing Reciprocity, Sept. 10, 2002.
[4] FAME is a 501(c)(3) charitable and educational organization administered by The Council of Insurance Agents & Brokers and is located in Washington D.C.

For example, many Council member firms continue to hold hundreds of resident and non-resident licenses across the country. For some, the number of licenses has actually increased since enactment of GLBA. One Council member, for instance, has approximately 5,000 licensed individuals, 3,100 of whom are licensed in multiple jurisdictions, who hold 76,100 licenses across the country. Another member has approximately 1,400 individuals holding 12,000 licenses nationwide. In addition to initial licenses, Council members face annual renewals in 51-plus jurisdictions, and must satisfy all the underlying requirements, such as pre-licensing and continuing education, as well as post-licensure oversight. This redundancy costs Council members anywhere from several hundred thousand to many millions of dollars annually to administer.

In addition to the lack of full reciprocity, the standards by which the states measure compliance with licensing requirements differ from state to state, as well. These include substantive requirements – pre-licensing education, continuing education and criminal background checks, for example – as well as the administrative procedures to comply with these requirements. In addition to the day-to-day difficulties the current set-up imposes, the lack of uniform application of law among the states inhibits efforts to reach full reciprocity. Some states may be disinclined to license as a non-resident a producer whose home state has “inferior” licensing standards, even a state with similar or identical statutory language. In fact, several states that have failed to adopt compliant licensure reciprocity regimes (notably California and Florida) claim their refusal is based on this absence of uniform standards – thus implying that the standards of other states do not measure up.

The NAIC has attempted to move the states toward uniformity. Following on the PLMA, the NAIC adopted uniform licensing standards (ULS), which include 42 separate standards purporting to establish uniform approaches to licensing issues ranging from an applicant’s age, to education requirements, to examinations, to applications. The NAIC has spent most of the last decade encouraging the states to adopt the ULS, and in 2008 performed as assessment of every state's compliance with the standards. A report was issued, and a follow-up was done in 2009.[5] The 2008 report and 2009 follow-up found a significant lack of uniformity across the states, particularly on licensure requirements such as fingerprinting/background checks, where divergent state approaches are extremely burdensome on producers.[6]

Even if there were broad state compliance with the ULS, however, producer licensing requirements would be far short of uniformity for the simple reason that a significant number of the "uniform standards" do not create a single requirement for the states to meet, rather they serve more as suggestions or a menu of options to guide state action.

Of the 42 standards, there are roughly 17 that do not require the states to meet a uniform requirement. Some of the 17 are clearer than others in their lack of standard-setting (Standard 12, for example, provides that the standard for failure of examination and re-testing is to be "determined by each state"), but all give the states flexibility that is unwarranted if the goal is to have the same requirements in every state.

These numbers – and, more critically, the regulatory and administrative burdens they represent – vividly demonstrate that, despite the improvements that resulted from the enactment of NARAB, comprehensive reciprocity and uniformity in producer licensing laws remains elusive, and it does not appear the NAIC and the States are capable of fully satisfying those goals. That is not a slight on the regulators – it is almost an impossible task getting regulators, legislators, and other stakeholders from 56 different jurisdictions to agree to a single set of licensing requirements and procedures – but it is the reason we need a national licensing framework.

The inability of the states to fully implement licensing reciprocity and to make real progress toward uniform laws and regulations has been demonstrated repeatedly in the dozen years since GLBA's enactment. The federal law put pressure on the states and resulted in real improvements in licensing processes, but the resistance to comprehensive change has stymied attempts to

[5] NAIC Producer Licensing (EX) Working Group, Producer Licensing Assessment Aggregate Report of Findings, Feb. 19, 2008; NAIC Producer Licensing (EX) Working Group, Producer Licensing Assessment Progress Report, Mar. 16, 2009.
[6] NAIC Producer Licensing (EX) Working Group, Producer Licensing Assessment Aggregate Report of Findings, Feb. 19, 2008, p. 14.

achieve comprehensive reform. As a result, brokers continue to face differing licensing obligations across the states, imposing administrative and financial burdens that affect not only brokers, but consumers as well. This is why The Council – as well as all other stakeholders, including the state insurance regulators, support enactment of the NARAB II legislation. And that is why we welcome the Report's endorsement of the legislation.

NARAB would be a self-regulatory national licensing authority operated by a presidentially-appointed Board of Directors. A majority of the Board would be state insurance regulators, with the remainder representing the various segments of the insurance industry.

NARAB membership would be voluntary. Insurance producers – agents, brokers, and agencies – who opt to become members of NARAB would have to obtain resident licenses from their home states before applying for NARAB membership. Once licensed in their home states, producers operating in multiple jurisdictions could apply for NARAB membership and one-stop nonresident licensing. To qualify for membership, a producer would be required to comply with NARAB's membership criteria. The NARAB Board would establish the membership criteria, which would include standards for personal qualifications, education, training and experience. In addition, NARAB member applicants would be required to undergo a national criminal background check if their resident state does not require one. Non-resident states would be prohibited from imposing any requirement upon a member of NARAB that is different from the criteria imposed by NARAB.

Applicants would have to pay the fees mandated by each State to receive licenses. Moreover, NARAB would levy and collect assessments from members to cover administrative expenses. The licenses would be obtained from, and the fees would be paid to, NARAB, which would ensure that appropriate licensure applications are filed with, and the requisite fees paid to, each State from which NARAB members seek a license. In other words, NARAB would function as a clearinghouse to more efficiently process multi-state license applications.

NARAB membership would be renewed annually, and NARAB would have the authority to bring disciplinary actions to deny, suspend, revoke or decline renewal of membership. The membership criteria for any NARAB member must meet and exceed the highest professional requirements that currently exist among States. Thus, as a practical matter, to be eligible for NARAB membership a producer would have to effectively satisfy the substantive licensing requirements for all the States.

NARAB would thus be given the authority, among other things, to:

- Create a clearinghouse for processing insurance producer licenses which would avoid duplication of paperwork and effort state-by-state;
- Issue uniform insurance producer applications and renewal applications to apply for the issuance or renewal of state licenses;
- Develop uniform continuing education standards and/or establish a reciprocity process for continuing education credits;
- Create a national licensing exam process; and
- Utilize a national database for the collection of regulatory information concerning the activities of insurance producers.

Finally, the legislation does not seek to replace or displace state insurance regulation. Indeed, the bill very clearly retains state regulatory authority over insurance producers. Although NARAB would have an important role in the licensing of non-resident insurance producers, the bill clarifies the state regulators' continuing role in the licensure process through the notice period and regulator participation on the NARAB Board and in standard setting.
Moreover, state regulators would continue to supervise and discipline producers, and would continue to enforce state consumer protection laws.

Conclusion

In conclusion, we would like to thank you, once again, for allowing The Council to share our thoughts on the Report and the role of FIO. We believe the Report provides a comprehensive roadmap for the federal and state governments – and all stakeholders – in the pursuit of effective reform and modernization of insurance regulation in the United States. As insurance brokers, we are particularly interested in – and pleased with – the Report's recommendations regarding international issues, as well as NRRA implementation and NARAB II. And we look forward to continuing to work with FIO and you to reach those goals.

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