

Introduced: 4/9/86
Referred: Labor & Commerce
and Judiciary

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

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HOUSE JOINT RESOLUTION NO. 73

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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FOURTEENTH LEGISLATURE - SECOND SESSION

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Relating to national regulation of the

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insurance industry.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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WHEREAS the business of insurance is conducted on a national basis

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affecting national as well as state interests; and

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WHEREAS the recent national insurance crisis demonstrates the need for

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strong and effective regulation of the insurance industry; and

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WHEREAS the insurance industry presently is primarily, if not exclu-

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sively, regulated by the laws of individual states so that insurance com-

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panies that conduct business in more than one state must comply not only

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with different statutes governing similar activities, but also with varying

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degrees of enforcement of insurance statutes from state to state; and

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WHEREAS 15 U.S.C. 1011-1015 (the McCarran-Ferguson Act) generally

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exempts the business of insurance from federal law where regulated by state

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law and specifically exempts the business of insurance from the federal

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antitrust laws to the extent that the business of insurance is regulated by

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state law; and

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WHEREAS the McCarran-Ferguson Act does not define what constitutes

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state regulation, and some courts have interpreted this requirement to

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permit exemption from federal law, whether or not the state law governing

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insurance was enforced effectively or at all; and

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WHEREAS state deregulation of insurance, including deregulation of

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rates, has negated the basic reason for exempting the business of insurance

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from federal antitrust laws; and

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WHEREAS no state has the capability to control adequately the

1 practices of national and international insurance companies, particularly
2 reinsurance companies; and

3 WHEREAS recent competitive practices by property and casualty insurers
4 in markets for commercial and professional liability insurance have led to
5 disastrous economic and social consequences, both for the insurance indus-
6 try and the public;

7 BE IT RESOLVED that the Alaska State Legislature respectfully requests
8 the United States Congress to repeal 15 U.S.C. 1011-1015 (the McCarran-
9 Ferguson Act), to adopt the statutes necessary to regulate effectively the
10 management and market practices of the insurance industry, and to establish
11 federal reinsurance programs for those businesses and professions unable to
12 obtain or afford liability insurance.

13 COPIES of this resolution shall be sent to the Honorable Ronald
14 Reagan, President of the United States; the Honorable George Bush, Vice-
15 President of the United States and President of the U.S. Senate; the Honor-
16 able Thomas P. O'Neill, Jr., Speaker of the U.S. House of Representatives;
17 and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S.
18 Senators, and the Honorable Don Young, U.S. Representative, members of the
19 Alaska delegation in Congress.