

Dear Senator Breslin,

CEJ recommends that one of NCOIL's top priorities for engagement on international issues should be involvement in international trade negotiations to ensure transparency, state and national sovereignty and consumer protection -- specifically, the Trans Pacific Partnership (TPP) and the TransAtlantic Trade and Investment Partnership (TTIP). Compared to issues before the International Association of Insurance Supervisors (IAIS), the TPP and TTIP have potentially greater impact on pre-empting state regulation of insurance and are far less transparent with far less participation by state legislators and regulators. While insurers may complain about observer participation at the IAIS, the fact is that United States interests are very well represented at the NAIC by the membership of all states and leadership positions of many state regulators. In contrast, participation in TPP and TIPP negotiations have historically been limited to hundreds of business interests and no state interests. In terms of impact, TPP and TIPP pose a direct threat to state authority to not only regulate insurance, but to protect consumers. For example, one aspect of the TPP and TIPP is the ability of corporations to invoke investor-state dispute tribunals. As explained in our prior submission, corporate interests have used the investor-state dispute tribunals to attempt to pre-empt sovereign legislation.

CEJ notes that virtually all recommendations to NCOIL for priority activities are multiple issues involving the work of the IAIS. While we agree that NCOIL has a role in IAIS issues, the fact remains that regulator and insurer interests are already aligned with those of NCOIL on IAIS activities and NAIC and insurers are heavily engaged on IAIS activities. NCOIL's involvement in IAIS activities will have an incremental impact on IAIS activities. Moreover, any actions by the IAIS must ultimately be adopted by the states with, perhaps, the exception of covered agreements.

Contrast that to the key role NCOIL can play in trade agreement negotiations. The need for state interests is huge, as these trade agreements can usurp state authority. Moreover, NCOIL's participation in international trade issues will have far greater impact on consumers and state regulation of insurance because of the limited involvement of state interests in trade agreement negotiations to date. Consequently, CEJ recommends that one of NCOIL's international issues priorities be engagement in international trade agreement discussions. The action steps would be to, one, establish an NCOIL working group, and two, petition the US Trade Representative for membership on one or more of the International Trade Advisory Committee and subcommittees, including the Subcommittee on Services and Finance Industries, which has no representatives of state legislatures. <http://www.ita.doc.gov/itac/committees/itac10.asp>

In support of our recommendation that one of NCOIL's international issues priorities be international trade agreement negotiations, attached please find a list of IAIS committees and subcommittees with members. The list indicates that every committee and subcommittee contains multiple US representatives from individual states, the NAIC and/or the Federal Insurance Office. About half the many IAIS committees and subcommittees are chaired or co-chaired by U.S representatives. The U.S. has a

tremendous presence at the IAIS. In contrast, state legislator and state insurance interests have very limited presence in international trade advisory panels. If NCOIL will focus on three international issues in the next year or two, it makes sense for international trade agreement negotiations to be one of the three.

Thank you for your consideration.

Birny Birnbaum
Center for Economic Justice