American Insurance Association
Chamber of Commerce of the United States
The Council of Insurance Agents & Brokers
The Financial Services Roundtable
Independent Insurance Agents & Brokers of America
National Association of Mutual Insurance Companies
National Association of Professional Insurance Agents
Property Casualty Insurers Association of America
Reinsurance Association of America
American Council of Life Insurers

Dear Senator/Representative:

The undersigned organizations represent all segments of the insurance industry, from primary insurers to agents, brokers, and reinsurers. We are writing to express our strong opposition to S. 618 and H.R. 1081. These recently introduced bills would repeal the state insurance regulation provisions of the McCarran-Ferguson Act that are designed to prevent federal antitrust lawsuits from undercutting state insurance and antitrust laws.

The McCarran-Ferguson Act, approved by Congress in 1945, entrusts states with the authority and responsibility for the regulation of the business of insurance. The McCarran-Ferguson Act creates a limited exemption from federal antitrust laws to the extent that the business of insurance – not the business of insurance companies – is regulated by the states; it does not grant insurers blanket immunity from federal antitrust laws, as some have suggested, and it does not shield from those laws those who engage in boycotts, intimidation, or coercion. Courts consistently have construed McCarran's antitrust protection narrowly.

Under the regulatory regime that arose from the McCarran-Ferguson Act, more than 5,000 insurers across the country are subject to a comprehensive and pervasive regimen of state-based regulation and antitrust enforcement. States regulate virtually every aspect of insurance, including licensing, market conduct, financial solvency, policy language, underwriting standards and the price that insurers can charge for their policies. Thus, federal action to repeal or amend the McCarran-Ferguson Act is unnecessary to pursue any allegations of anti-competitive behavior.

Current proposals being advanced in the Senate and House Judiciary Committees to repeal the McCarran-Ferguson Act's antitrust provisions would create an inconsistent and unpredictable multi-layered morass of state and federal insurance rules. Moreover, repealing McCarran-Ferguson in the name of "competition" would almost certainly result in new anti-competitive regulation by the states that, ironically, will reduce competition, thus thwarting the basic purpose of the federal antitrust laws: the promotion of competition in a free market environment. Equally important, the resulting confusion and uncertainty would lead to costly litigation that would not benefit insurance consumers and would further destabilize the private market.

We, therefore, urge you to oppose the current bills that would repeal the antitrust provisions of the McCarran-Ferguson Act, and work with various stakeholders—including insurers, regulators, policyholders and state legislators—to enhance stable, competitive insurance markets.

Marc Racicot
President and CEO
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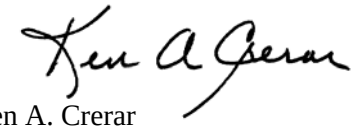

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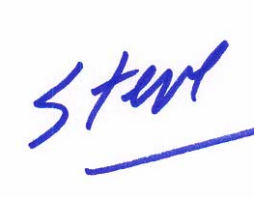

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