

Coburn Amendment 2697: NARAB Opt-Out Amendment

Congressional creation of the National Association of Registered Agents and Brokers (NARAB II) usurps the rights of states authority over insurance licensing and regulations

- Congress established with the McCarran-Ferguson Act that states should retain the regulatory authority over insurance laws
- While NARAB II was crafted to retain primacy of insurance regulations and enforcement actions with the states, this bill will nevertheless compel states to accept a national license within their jurisdictions
- The nonpartisan Congressional Budget Office (CBO) stated, "...the association's authority would exist only through a preemption of states' power to regulate the licensing of insurance producers. **This preemption would stem from an exercise of the sovereign power of the federal government.**"
- NARAB II provides the President and his/her appointee the authority to nullify decisions made by the NARAB board, but does not extend any of the same rights to individual states
- The amendment is necessary to protect the 10th amendment and states' rights while also upholding the precedent of state primacy over insurance laws

Coburn amendment 2697 will allow for a state to opt-out of NARAB

- Coburn amendment 2697 will provide a state the opportunity to opt-out of participation in NARAB only through the passage of legislation by the state legislature and signature of the governor- it will not allow a state insurance commissioner to opt-out on a whim
- To prevent a disruptive transition, Coburn amendment 2697 requires a two year delay between the passage of state legislation and the effective date of an opt-out
- In order to maintain the foundation of reciprocity and prevent states from gaming the provision for a competitive advantage, insurance producers located within a state that opts-out of NARAB would be ineligible from participating in the NARAB system

The inclusion of this provision would accomplish the bill's goal of streamlining and cost-savings without the continuation of Congress infringing on activities that should be left to the states

- The amendment will still allow for the benefits provided by a multistate licensing process to reduce the bureaucracy involved for producers to access customers in other states, which will help increase competition and lower consumer costs

- The provision will also provide a safe-guard from NARAB if 10 years from now it is not working as the current consensus has hoped – and a state or states no longer wish to participate
- As the bill's proponents repeatedly point out, NARAB II has the support of every state and every insurance producer – **if NARAB is such a popular and needed reform, then no state will opt-out and the opt-out provision would be moot while still protecting states' rights**