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TO THE HOUSE COMMITTEES ON CONSUMER
PROTECTION & COMMERCE AND JUDICIARY

TWENTY-FOURTH LEGISLATURE
Regular Session of 2008

Thursday, February 7, 2008
2 p.m.

TESTIMONY ON HOUSE BILL NO. 3097 – RELATING TO INSURANCE.

TO THE HONORABLE ROBERT HERKES AND TOMMY WATERS, CHAIRS, AND
MEMBERS OF THE COMMITTEES:

My name is J. P. Schmidt, State Insurance Commissioner (“Commissioner”),
testifying on behalf of the Department of Commerce and Consumer Affairs
(“Department”). The Department strongly supports this Administration bill.

The purpose of this bill is to provide insurers greater flexibility with their
investment decisions without reducing protection to their policyholders.

Insurer investment provisions have remained relatively unchanged since they
were established during the recodification of insurance laws in 1987. Since that time,
the National Association of Insurance Commissioners (“NAIC”) has continuously
modernized the criteria and limits for allowable investments. The NAIC’s guidance and
authoritative standards now provide for greater flexibility and diversification to insurers’
investment portfolios.

This bill has a delayed effective date of January 1, 2009, to allow insurers the
opportunity to adjust their investments and investment strategies to comply with the
revised provisions.

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The intent of this bill is to promote uniformity of insurance laws among the various states.

We thank the Committees for the opportunity to present testimony on this matter and ask for your favorable consideration.

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