



Terry McAuliffe  
Governor of Virginia  
Chair

Brian Sandoval  
Governor of Nevada  
Vice Chair

Scott D. Pattison  
Executive Director/CEO

April 7, 2017

The Honorable Steven Mnuchin  
Secretary of the Treasury  
U.S. Department of Treasury  
1500 Pennsylvania Ave., NW  
Washington, D.C. 20220

Dear Secretary Mnuchin:

On behalf of the nation's governors, we urge the Treasury Department to seek further clarification regarding the interpretation and application of the Bilateral Agreement Between the European Union and the United States of America on Prudential Measures Regarding Insurance and Reinsurance, also known as the Covered Agreement, released on January 13, 2017.

Our state-based regulatory system is world-class. For more than 140 years, states have protected consumers and safeguarded the capital adequacy and solvency of insurers. We have concerns regarding the current negotiated Covered Agreement. As currently drafted, the Agreement is ambiguous in several respects and potentially could be used to preempt state laws that are designed to protect policyholders.

Further, Governors, State Legislatures, and State Insurance Commissioners will be responsible for fulfilling most aspects of the Agreement and its implementation will require states to expend significant time and resources. Therefore, we request that the Treasury Department engage the European Union to seek written confirmation regarding the interpretation and application of several of the Agreement's terms. Clarification is necessary to guarantee that the Agreement is in the best interest of the United States insurance sector and to ensure that those responsible for its implementation have a clear understanding about the specific obligations that would need to be undertaken prior to the expenditure of significant resources.

Governors stand ready to work with the Treasury Department as it seeks clarification on the terms of the Agreement before states are forced to make changes to insurance laws, regulations, and procedures.

Sincerely,

A handwritten signature in black ink, appearing to read "John Hickenlooper". The signature is fluid and cursive, with the first name "John" being particularly prominent.

Governor John Hickenlooper  
Chair

A handwritten signature in black ink, appearing to read "Doug Ducey". The signature is fluid and cursive, with the first name "Doug" being particularly prominent.

Governor Doug Ducey  
Vice Chair

Economic Development and Commerce Committee Economic Development and Commerce Committee

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