

Congress of the United States
Washington, D.C. 20515

March 24, 2023

Steven E. Seitz
Director
Federal Insurance Office
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Director Seitz,

We are reaching out to you today to express our concerns about the Federal Insurance Office's ("FIO") politically motivated efforts to collect data from property and casualty insurers regarding climate and weather-related risks. This approach noticeably subverts our long-established and resilient regulatory framework prescribed under the McCarran-Ferguson Act. It is imperative that FIO diligently work with state insurance officials to enhance their role as the only regulators of the business of insurance rather than subject the insurance market to federal bureaucracy and political agendas.

While FIO is permitted to collect data and information from the insurance industry to carry out the enumerated authorities and purposes established under the Title V of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank")¹, such endeavors should be kept within the bounds of traditional insurance regulation. This concept was not lost on Congress when it drafted Dodd-Frank, as Title V also requires that FIO "coordinate with each relevant Federal agency and *State insurance regulator*"² before collecting data and information directly from insurers. The proposed data collection deviates from the letter and spirit of Dodd-Frank.

Requiring FIO to coordinate with state insurance regulators is critical to ensuring that FIO can conduct relevant activities to achieve its goals while also maintaining the proven state-based regulation of insurance. However, we believe that FIO has knowingly sidestepped this requirement to advance its own agenda. Our concerns stem from a November 2022 letter sent from the National Association of Insurance Commissioners (NAIC) to Assistant Secretary Steele,³ in which NAIC noted that in June 2022, FIO posed the following hypothetical question to State insurance regulators:

If FIO were to ask your jurisdiction at some point in the next four months to provide the data described in the liability data template (Attachment A1) and instructions (Attachment A2), would your jurisdiction be able to provide all of the requested data in

¹ Dodd-Frank Wall Street Reform and Consumer Protection Act, H.R. 4173, 111th Cong. § 502 (2010).

² Ibid.

³ Letter from the Nat'l Ass'n of Ins. Comm'rs to Graham Steele, Assistant Sec'y for Fin. Inst. Off., U.S. Dep't. of Treasury (Nov. 22, 2022).

the requested format for one or more of the entities identified in Attachment B for all of the zip codes in which they operate, within 30 days of being asked? Please explain if your state could only provide some, but not all, of the requested data in that timeframe; for example, if you could provide all of the requested data for certain entities but only for zip codes within your jurisdiction. FIO is NOT asking you to provide any of this data at this time. We are only trying to determine if you would be able to provide the data if asked.

We understand many state insurance regulators did offer to work with FIO on an ongoing basis regarding this data collection effort. Instead of taking advantage of these offers to coordinate with FIO, your office decided to unilaterally propose direct data collection from insurers with similar information.⁴ FIO's lack of a good faith effort to coordinate with state regulators regarding their data collection capabilities sets a dangerous precedent that could ultimately undermine Congress's intent under Dodd-Frank. Efforts such as this also undermine support for FIO as an institution and raise questions about its continuing mission creep.

Additionally, the burden associated with the data collection proposal is also concerning to us. The estimates that FIO has on the cost and man-hours that would be dedicated to this data collection versus helping policy holders, especially in the wake of the recent natural disasters, appear undervalued.⁵ It's imperative that your office accurately assess this labor burden, which would first require determining which precise data information FIO requests, in determining the most efficient path forward.

While we recognize this Administration's initiative to focus on climate-related financial risk, Presidential Executive Orders do not nullify statutory requirements under Dodd-Frank. To that end, we respectfully request that your office provide us with an overview of the coordination and collaboration that took place between FIO and state insurance regulators before, and since, the publication of the proposed data collection last fall.

We look forward to hearing from you soon.

Sincerely,



Warren Davidson
Chairman, Subcommittee on Housing
and Insurance




Bill Posey
Member of Congress

⁴ Agency Info. Collection Activities; Proposed Collection; Comment Request; Fed. Ins. Off. Climate-Related Fin. Risk Data Collection, 87 Fed. Reg. 64134 (proposed Oct. 21, 2022).

⁵ Ibid.

A handwritten signature in blue ink, reading "Scott Fitzgerald", written over a horizontal line.

Scott Fitzgerald
Member of Congress

A handwritten signature in blue ink, reading "Mike Flood", written over a horizontal line.

Mike Flood
Member of Congress

A handwritten signature in blue ink, reading "Mike Lawler", written over a horizontal line.

Mike Lawler
Member of Congress

A handwritten signature in blue ink, reading "Andrew R. Garbarino", written over a horizontal line.

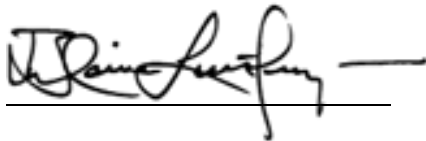
Andrew R. Garbarino
Member of Congress

A handwritten signature in blue ink, reading "Ralph Norman", written over a horizontal line.

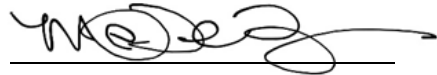
Ralph Norman
Member of Congress

A handwritten signature in blue ink, reading "Erin Houchin", written over a horizontal line.

Erin Houchin
Member of Congress

A handwritten signature in blue ink, reading "Blaine Luetkemeyer", written over a horizontal line.

Blaine Luetkemeyer
Member of Congress

A handwritten signature in blue ink, reading "Monica De La Cruz", written over a horizontal line.

Monica De La Cruz
Member of Congress