**Crapo Statement at Hearing on U.S.- E.U Covered Agreement**

WASHINGTON – U.S. Senator Mike Crapo (R-Idaho), Chairman of the United States Senate Committee on Banking, Housing and Urban Affairs, today delivered the following opening remarks during a full committee hearing entitled: “Examining the U.S. – E.U. Covered Agreement.”

The text of Chairman Crapo’s remarks, as prepared, is below.

“Today, we are joined by a panel of witnesses who will provide the Committee with a comprehensive discussion on the U.S. – E.U. covered agreement.

“These witnesses represent a broad range of views on the agreement, including companies in support and in opposition.

“We will also hear from the lead negotiator of the covered agreement, a representative of state insurance commissioners and finally, an independent expert specializing in international financial regulation.

“In the U.S., a state-based model for insurance regulation has been the preferred standard for over 100 years, and was solidified with the passing of McCarran-Ferguson in 1945.

“With an ever-increasing globalization of insurance and reinsurance services, it is healthy to examine and debate how the American model fits within the global regulatory framework.

“Title V of the Dodd-Frank Act authorized the Federal Insurance Office, within the Department of Treasury, and the U.S. Trade Representative to enter into ‘covered agreements’ with foreign jurisdictions regarding prudential regulation of insurance and reinsurance.

“In November 2015, this Committee was notified that the U.S. planned to begin negotiations with the EU on a covered agreement.

“In notifying Congress, the Obama Administration laid out several priorities it hoped to achieve from the negotiations, including equivalence for U.S. insurers with respect to Solvency II, and gaining E.U. recognition of the U.S. insurance regulatory framework.

“In January, this Committee was presented with a final covered agreement negotiated between the United States and European Union.

“The covered agreement represents more than a year of negotiations on many complex, cross-border regulatory issues.

“The terms of the agreement address three main areas of prudential insurance supervision: reinsurance; group supervision; and information sharing.

“I look forward to engaging with our witnesses on a number of important questions.

“First, I would like to better understand the implications for U.S. insurers and the state insurance commissioners on the removal of reinsurance collateral requirements.

“Second, what benefits will U.S.-based, internationally active insurance and reinsurance companies receive from the agreement?

“Third, what are the implications of the group supervision and group capital requirements for our U.S. regulatory framework?

“Finally, if an exchange of letters is necessary to clarify the agreement, what are the items that must be addressed, and can the items be addressed without reopening the agreement?

“As a new administration undertakes its review of the covered agreement, and Congress provides input, these are some foundational questions that must be addressed.”

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