

AUGUST 26, 1974

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President has signed H. R. 7218 which improves the laws regulating insurance companies in the District of Columbia.

H. R. 7218 provides a framework for a D. C. insurer to enter a holding company system by adopting, with minor changes, a model bill developed by the National Association of Insurance Companies in 1969. By January, 1973, 37 States had adopted that model bill. The purpose of the bill is to meet the needs of insurers to diversify their activities to serve new and changing needs of insurance buyers. At the same time the bill provides for appropriate regulation of D. C. insurers.

Specifically, the bill

- authorizes D. C. insurers to organize or acquire subsidiaries;
- prescribes limitations on and provides for regulations concerning the investments and other activities of D. C. insurers;
- prescribes criteria for such mergers and acquisitions as are approved;
- provides registration requirements for insurers;
- prescribes standards for transactions by insurers with their affiliates;
- limits dividends and other distributions;
- provides additional powers for the D. C. Commissioner;

- MORE -



- provides for confidentiality of certain information submitted to the Commissioner; and
- provides for criminal proceedings, receivership, and other penalties or procedures to enable the Commissioner to enforce the law.

#

