



“Simplifying Regulation for Agents and Brokers...”

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## **Agents for Change Lauds Supporters of NARAB II for Recognizing the Need for a National Insurance Commissioner**

Agents for Change is pleased that NARAB II recognizes the need for a National Insurance Commissioner. Accordingly, our 6,000 members look forward to working with members of Congress, agent groups, industry trade associations, and other interested parties to accomplish our shared goal of insurance regulation reform.

All parties acknowledge the regulatory problems plaguing consumers, producers, and insurers. How to rectify these problems is where we disagree. Agents for Change believes in open markets, choice, and competition. Change must result in the best possible outcome for consumers. An optional federal charter (OFC) is the right solution.

Unfortunately, NARAB II does not go far enough to remedy the basic problems producers and their customers encounter on a daily basis. Insurance regulation reform needs to: (1) allow producers the option to receive one national insurance license to serve their clients no matter where they live (or move); (2) enhance speed to market of products; (3) enable competition through decreased regulatory barriers; and, (4) provide free market pricing.

There are acute constitutional problems intrinsic with NARAB II. The creation of a producer licensure entity with federal powers needs to be overseen by a National Insurance Commissioner with the ability to enforce the rules. Moreover, the federal tax code recognizes the important role that life insurance and annuity products play in protecting the financial well being of Americans. Yet, insurance is the only segment of the financial services industry that does not have a national advocate to serve as an expert resource on insurance issues in which Congress and the Administration are involved.

Peter Ludgin, executive director of Agents for Change stated, “NARAB II is the successor to the incomplete NARAB provisions included in the Gramm-Leach-Bliley Act in 1999. It is building on a broken chassis. NARAB II does not address the problems consumers are encountering on speed to market of products. It also does not take into account an important component of an OFC which will benefit consumers – free market pricing for property & casualty products.”

Ludgin continued, “The bipartisan National Insurance Act of 2007 (S. 40 and H.R. 3200) accomplishes our agreed upon goal of reform. These bills would: provide producers with a truly optional licensing system to allow them one license to sell in all jurisdictions; promote speed to market of products, and; enhance and create competition to benefit consumers.”

Notably, S. 40 and H.R. 3200 would accomplish these goals while leaving the existing state system wholly intact for agents who choose to continue to be licensed at the state level, and for their customers who want to do business with an agent, or company, that only does business locally.

Consumers should be able to take advantage of competitive market forces in choosing their insurance. An OFC will promote competition. It may lower prices. It will benefit everybody who buys or sells an insurance product. An OFC is the right policy prescription for the 21<sup>st</sup> century.

*Agents for Change is a trade association of insurance agents and brokers from across all lines of insurance. Members of Agents for Change offer expert advice to public policy makers as they move forward to enact an optional federal charter to allow producers the option of being regulated at either the federal or the state level. Agents for Change has over 6,000 members nationwide.*