



“Simplifying Regulation for Agents and Brokers...”

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Senate Banking Committee Holds Second Hearing on Insurance Regulation Reform

The United States Senate Committee on Banking, Housing, and Urban Affairs held its second in a series of hearings on insurance regulation reform today titled Perspectives on Insurance Regulation. Senator Richard Shelby (R-AL), Chairman of the Committee, said in his opening statement, “As the Committee continues its examination of insurance, I would like to suggest that our considerations and inquiries be guided by one objective: That the U.S. have the world’s most robust insurance market... A robust insurance market provides consumers with the products and services they need at competitive rates. Thus, a robust insurance market is good for consumers.”

Among the speakers, there was complete agreement regarding the need for reforming the current state-based regulatory system. Randal K. Quarles, The Under Secretary for Domestic Finance at the U.S. Treasury Department stated, “differing state insurance regulatory treatment can lead to inefficiencies and undue regulatory burden. This can directly limit the ability of insurers to compete across state boundaries. Reduced competition can diminish the quality of services, consumer choice, and ultimately lead to higher prices.”

Agents for Change couldn’t agree more with the Mr. Quarles. An optional federal charter (OFC), as proposed in the Sununu-Johnson legislation, would eliminate inefficiencies and provide consumers with access to more products and potentially lower prices.

Scott E. Harrington, professor at the University of Pennsylvania's Wharton School, concurred, "Optional federal chartering... would streamline, modernize, and homogenize regulatory requirements..."

By providing producers and insurers the option of federal or state regulation, an OFC would eliminate onerous paperwork and burdensome costs for producers, allowing them to spend more time with clients. It would also increase the speed to market of products which will benefit consumers.

"We are pleased that the U.S. Senate Committee on Banking, Housing, and Urban Affairs held its second hearing on the issue of insurance regulation reform earlier today," said Robert Poli, Chairman of Agents for Change. "It is important to hear not only from members of the industry, as we did on July 11th, but also from academics and the Administration. We firmly believe that an OFC is the best public policy proposal to reform insurance regulation. Very simply, it is a win-win for anybody who buys or sells insurance."

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 1,500 members nationwide.