



“Simplifying Regulation for Agents and Brokers...”

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Mr. Sam Friedman  
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Mr. Friedman:

We read with interest your article on October 29 titled, *Rep. Frank Says Agents Will Block OFC Passage*. You quoted Chairman Frank as saying “agents” have the ability to block passage of legislation to create an optional federal charter (OFC). The Chairman’s quotes include, “No major change will come in the insurance laws of this country over the objections of insurance agents,” and “Insurance agents are the most influential group within the property-casualty industry.”

We would agree with the Chairman’s assessment if the agent and broker community were united on this issue. However, this is not the case. Each of our organizations supports an OFC and collectively we represent 185,000 agents and brokers. One agent trade, which opposes an OFC, implies that they represent the overwhelming majority of producers. This is simply not the case and it should also be noted that our members are also members of this anti-OFC trade. That doesn’t sound like a monolithic group to us.

Make no mistake about it; this is not a disagreement between agents and insurance companies. This is a difference in public policy beliefs among protectors of the status quo and those who seek innovation and progress in the insurance industry. Those who wish to remain in what many of us consider an outdated and inefficient regulatory regime (the state system) can, hence, OPTIONAL federal charter.

It is important to note that an OFC will be good for producers but it will be best for consumers. Under an OFC, more products will be offered at more competitive prices. And consumers will be able to keep their agent (who is oftentimes viewed as a trusted financial advisor) if they move out of state. An OFC will increase consumer satisfaction, distribution productivity, and sales while decreasing bureaucracy and the potential for litigation. Please do not hesitate to contact us if you have any questions.

Sincerely,

Peter Ludgin  
Executive Director  
Agents for Change

Kevin McKechnie  
Executive Director  
ABIA

Joel Wood  
Senior Vice President  
CIAB

cc: The Honorable Barney Frank, Chairman, House Committee on Financial Services