



“Simplifying Regulation for Agents and Brokers...”

Officers And Directors

July 8, 2008

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The Honorable Paul Kanjorski
Chairman

Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Deborah Pryce
Ranking Member

Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Kanjorski and Ranking Member Pryce:

On behalf of our 6,000 members, Agents for Change would like to comment on H.R. 5611, the National Association of Registered Agents and Brokers Reform Act of 2008 (NARAB II), which is scheduled to be considered at your July 9, 2008 markup.

NARAB II does not go far enough to remedy the 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) increase competition through decreased regulatory barriers; and, (4) provide free market pricing.

We are pleased, however, that NARAB II recognizes the need for a National Insurance Commissioner. 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. Accordingly, there are acute constitutional problems intrinsic with NARAB II.

All parties acknowledge the regulatory problems plaguing consumers, producers, and insurers. Change must result in the best possible outcome for consumers. An optional federal charter (OFC) is the right solution.

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The bipartisan National Insurance Act of 2007 (H.R. 3200) accomplishes our agreed upon goal of reform. This bill 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; enhance and create competition to benefit consumers, and; provide free market pricing.

Notably, H.R. 3200 would accomplish these goals while leaving the existing state system wholly intact for producers who choose to continue to be licensed at the state level, and their customers who want to do business with a producer, or insurer, that only operates within a specific state(s).

We commend the subcommittee for your work on the issue of insurance regulation reform in the 110th Congress. Accordingly, the manager's amendment in the nature of a substitute to H.R. 5840, the Insurance Information Act of 2008 (which is also on tomorrow's docket), is a step in the right direction. But if the goal of the subcommittee is to best serve insurance consumers, NARAB II falls short.

Please do not hesitate to contact me at 202-589-1929 or peter@agents4change.net if you have any questions.

Sincerely,



Peter Ludgin

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 modernize insurance regulation 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.