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**BEAN AND ROYCE COMMEND OBAMA CALL FOR
INSURANCE REG REFORM**

Pledge to work with Administration on overhaul of fractured system

WASHINGTON – Congresswoman Melissa Bean (IL-08) and Congressman Ed Royce (CA-40), authors of the *National Insurance Consumer Protection Act*, commended the Obama Administration’s call for a national approach to reforming what it called the “fragmented, inconsistent, and inefficient” system of state-based insurance regulation and pledged to work with him to overhaul that system.

“I commend President Obama’s leadership in recognizing the inadequacy of the current system of state-based insurance regulation,” Bean said. “The President’s plan makes clear that he and his team recognize that the events of 2008 demonstrated that insurance is an important part of comprehensive financial regulatory reform.”

"The Administration's proposal for insurance regulatory reform is a strong step in the right direction," said Royce. "As suggested in the proposal, leaving the business of insurance regulation solely up to the states is no longer a viable option. This patchwork system of 50-plus regulators is costly for consumers and fails to provide adequate oversight necessary for our 21st century economy."

Bean and Royce introduced NICPA (H.R. 1880) to create a robust federal regulator for insurance to replace the antiquated, non-uniform system of state insurance regulators currently in operation. It establishes a national system of regulation and supervision for nationally registered insurers, agencies, and producers (agents and brokers), provide for the monitoring of systemic risk to the economy from large insurers, enhance consumer protection and choice, and reduce

inefficient regulatory complexity that puts U.S. firms at a competitive disadvantage. States would maintain responsibility for regulating state-licensed insurers, agencies and producers.

Section I.(H) (Page 39-41) of the Administration's regulatory overhaul proposed today is titled "Enhance Oversight of the Insurance Sector" and calls for the establishment of an "Office of National Insurance," same as NICPA.

"The current crisis highlighted the lack of expertise within the federal government regarding the insurance industry. While AIG's main problems were created outside of its traditional insurance business, significant losses arose inside its state-regulated insurance companies as well," the Administration proposal said. "Given the importance of a healthy insurance industry to the well functioning of our economy, it is important that we establish a federal Office of National Insurance (ONI) within Treasury, and that we develop a modern regulatory framework for insurance."

The Administration's proposal calls for many of the same provisions as NICPA, including a single federal authority for insurance, national systemic risk oversight of the insurance sector, robust and nationally uniform consumer protections on insurance products, regulation of insurance holding companies and affiliates and regulatory standards that allow for international competitiveness.

With regards to a national regulator, the President's proposal calls for "increased national uniformity (in regulations) through either a federal charter or effective action." The report notes that state measures towards uniformity have been "insufficient."

Insurance reg reform has been recommended in numerous bipartisan reports on financial services modernization, such as the Schumer/Bloomberg report on United States competitiveness, the Treasury Department's Blueprint for a Modernized Financial Regulatory Structure, and the report by the U.S. Chamber of Commerce's bipartisan commission on capital market competitiveness. Economic leaders such as Paul Volcker's Group of 30 and Federal Reserve Chairman Ben Bernanke have recently called for a review of our insurance regulations as a critical component of the broad regulatory reform needed.