



"Simplifying Regulation for Agents and Brokers"



July 28, 2009

The Honorable Christopher Dodd
Chairman
Senate Committee on Banking,
Housing, and Urban Affairs
Washington, DC 20510

The Honorable Richard Shelby
Ranking Member
Senate Committee on Banking,
Housing, and Urban Affairs
Washington, DC 20510

Dear Chairman Dodd, and Ranking Member Shelby:

The Coalition for Insurance Modernization applauds the Senate Banking Committee for convening today's hearing "Regulatory Modernization: Perspectives on Insurance."

In its paper Financial Regulatory Reform: A New Foundation, the Department of Treasury said "For over 135 years, insurance has primarily been regulated by the states, which has led to a lack of uniformity and reduced competition across state and international boundaries, resulting in inefficiency, reduced product innovation, and higher costs to consumers." We firmly agree with the Administration's assessment and are pleased that the Senate Banking Committee is focused on this important issue.

Last week the Department of the Treasury submitted to Congress legislative language to establish an Office of National Insurance. We believe this proposal begins to address some of the concerns cited earlier in the white paper, particularly as it relates to the current gap in knowledge about the insurance industry at the federal level.

The proposal also would allow the US to engage on insurance issues at the international level. Specifically, as Treasury's paper noted, "the ONI will be empowered to work with other nations and within the IAIS to better represent American interests, have the authority to enter into international agreements, and increase international cooperation on insurance regulation."

Our coalition believes that to effectively address gaps in regulation of insurance in a way that would be most beneficial for insurers, reinsurers, producers and most importantly consumers, Congress should also establish an appropriately crafted functional federal regulator for insurance. While state insurance regulation should remain available for those

who choose it, particularly agents who may only do business in a few states, a federal alternative regulator could help spur innovation and competition, increase choice, reduce costs, and provide meaningful and consistent consumer protections.

We encourage your Committee to act now to achieve the necessary reforms.

Sincerely,

Agents for Change

American Bankers Insurance Association

American Council of Life Insurers

American Insurance Association

The Council of Agents and Brokers

The Financial Services Roundtable

National Association of Independent Life Brokerage Agencies

National Association of Insurance and Financial Advisors

Reinsurance Association of America