



SIMPLIFYING MATTERS

The Agents for Change Newsletter

"Simplifying Regulation for Agents and Brokers..."

Spring Edition 2007

Volume 2, Issue 1

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Membership

Join Agents for Change by visiting our website at www.agents4change.net

Contact Us

1001 Pennsylvania Ave NW
Suite 500 South
Washington DC 20004

Phone: 202.589.1929

Fax: 202.628.2507

Email:
peter@agents4change.net

On The Web

www.agents4change.net



Message from Your Chairman

As the Chairman of Agents for Change, I am honored to bring you our second annual newsletter, Simplifying Matters.

Agents for Change represents over 3,500 insurance agents and brokers nationwide from across all lines of insurance. Our members work together to reform insurance regulation and enact an optional federal charter (OFC) to allow producers and insurers the option of being regulated at either the federal or the state level.

Agents for Change is your trade association. We are here to serve you.

Our association is at the forefront as insurance regulation reform is discussed in Congress. I am proud that due to your hard work, Members of Congress now understand that insurance producers support an OFC.

Members of Agents for Change met with 33 Members of Congress on Capitol Hill and seven Members of Congress in their district offices in 2006. But there is so much more to do. And with your help – and the help of your colleagues who agree that there is a better way to regulate insurance – we will truly change the face of insurance regulation to help us better serve our customers!

Over the course of the year we will bring you opportunities to participate in the political process. These will include: our legislative conference on June 5th and 6th, letter writing campaigns, submitting op-ed's and/or letters to the editor to your local newspapers, and in-district meetings with your elected officials.

Congress, the press, and other trades now look to Agents for Change to gauge where the producer community is on OFC. With your help will we succeed in our shared goal of modernizing insurance regulation.

On behalf of the board of directors I thank you for your membership, involvement, stewardship, and input as we move forward.

Sincerely,

Robert Poli, CBC

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Invitation to Attend the Agents for Change Legislative Conference

Please join us during our annual legislative conference on June 5th and 6th, 2007.

The legislative conference offers valuable political advocacy and relationship building opportunities. It will give you an opportunity to learn more about important legislative developments and allow you to further develop your relationship with your elected officials.



Agents for Change will schedule meetings for you with Members of Congress who are interested in insurance regulation reform, and we will attempt to schedule meetings for you with your home state Representative and Senators.

Last year's legislative conference was a great success with over 25 producers blanketing Capitol Hill in an eight hour lobbying blitz. Senator John Sununu and Governor Frank Keating, President of the American Council of Life Insurers, were among our many speakers.

This year's conference will feature a tour of the East Wing of the White House, guest speakers, and networking opportunities.

More information is available on our website. Early bird RSVP's are welcome and encouraged as **space is limited**.

Please contact Peter Ludgin at peter@agents4change.net or 202.589.1929 with questions or to RSVP.

Why an OFC is Smart Public Policy

- An OFC will help modernize insurance regulation, bringing greater uniformity, sureness, and speed to the regulatory system.
- Easing regulatory burdens by permitting producers and insurers to choose a single federal regulator will benefit anyone who buys or sells an insurance product.
- Producers would have the choice to be regulated by one entity and obtain only one license to sell products in all 56 jurisdictions (including the states, the District of Columbia, and five U.S. territories).
- Consumers will benefit from greater availability of insurance products and coverage that will result from streamlining regulations.
- Implementing an OFC will allow the market to respond more quickly to consumer demand.
- Insurers would be able to bring their products to market more quickly because they would only have to obtain approval from a single regulatory body rather than in multiple states as they do now under the patchwork quilt of state regulation.

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- Currently state regulation is unevenly enforced; we proudly support a strong national regulator responsible for consistently enforcing high consumer protections across the country.
- It is important to stress that the first word in OFC is 'optional' -- we are not advocating the abolishment of the state based insurance regulatory system nor would we support a weak federal regulatory system. We simply support allowing producers and insurers to choose the regulatory structure that best fits their businesses.
- Open markets, choice, and competition should prevail in the insurance marketplace.

Producer Benefits of an OFC

Under the current state-based regulatory system, insurance producers who sell products in multiple states are mired by confusing, contradictory, sometimes duplicative and oftentimes, unnecessary rules and regulations that differ among the states in which they do business.

- **Producers will have greater licensing flexibility and choice.** Under an OFC, producers would have a choice to be regulated by the federal or state government. Under a federal regulatory system, producers could apply for a single, national license that would allow them to sell for both national insurers, as well as state-chartered insurers, in all 56 jurisdictions.

The key word is OPTIONAL - producers can choose to remain under the current state regulatory system or go federal. If state regulation works for their business model there will be no change, with the exception that producers will be able to offer clients the increased number of products that will likely be available from national insurers.

- **The ability of producers to serve their customers' needs will improve.** Nationally licensed producers will be able to provide additional products and services to all of their customers, regardless of the state in which they reside – or where they may move. Moreover, because of enhanced speed to market producers will be able to provide their customers with more timely access to the improved and innovative products that insurers will be able to offer.
- **Strong, uniform consumer protections will be established.** A national system of insurance regulation would assure consumers the same protections and recourse regardless of their residence. It would make it easier to track and discipline fraudulent producers – benefiting both reputable producers and consumers.
- **Administrative procedures and requirements will be streamlined, reducing confusion.** Nationally licensed producers would be subject to only one set of market conduct requirements, education standards, and product regulations – as opposed to the current system's many differing sets. The agent residency requirements would also be eliminated.

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Consumer Benefits of an OFC

Each state has its own unique regulatory system. This cumbersome patchwork of laws and regulations creates an environment full of unnecessary expenses and delays that ultimately harms the consumers producers are trying to serve.

Currently, consumer safeguards differ from state to state, products are not universally available, and producers (who oftentimes are trusted financial advisors) are unable to serve customers that move out of state.

An OFC would alleviate these problems by creating a uniform and consistent system for insurance regulation – that would remove barriers to consumer choice, increase competition, and offer consumers the same protections nationwide.

- **Insurers will be able to introduce products to the marketplace more quickly and efficiently.** Under a national system, insurers would have greater flexibility to offer new types of insurance products, directly benefiting consumers by increasing choice.
- **Consumers will have access to the same products and services no matter where they live.** A national regulator would make it possible for insurers to offer consumers in all states the same products and services – giving consumers more timely access to improved and innovative products.
- **Consumers will benefit from uniform rules for sales and marketing practices.** The national insurance regulator would oversee both national insurers' products and the producers who sell them. This provides uniform protection for consumers.
- **Consumers will be assured equal protection under the law regardless of their residence.** A national, centralized system of regulation would establish strong and uniform protections for consumers. Under the status quo, consumer protection laws and regulations differ from state to state, as does the enforcement of these laws.

Bottom-line: an OFC is a win-win for anybody who buys or sells an insurance product.

Project Town Hall

Agents for Change is proud to be holding in-district meetings for our members across the country. These meetings give you an opportunity to further develop your relationship with your elected officials and allow Members of Congress to hear directly from their constituents (i.e. voters) on the importance of insurance regulation reform in a relatively relaxed environment.

We sincerely thank **Senator Bob Bennett (R-UT) and Representatives Henry Waxman (D-CA), Chris Van Hollen (D-MD), Jim Gerlach (R-PA)** and others for taking time out of their busy schedules to meet with our members.

If you are interested in attending an in-district meeting or a town hall forum please let us know by e-mailing or calling Peter Ludgin.

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Legislative Update

Agents for Change strongly commends **Senators John Sununu (R-NH) and Tim Johnson (D-SD) and Representative Ed Royce (R-CA)** for introducing OFC legislation in the 109th Congress titled, the National Insurance Act of 2006 (S. 2509 and H.R. 6225).

The legislation has all the elements necessary for effective insurance regulatory reform. It is comprehensive: it creates an optional federal regulatory structure for both life and property & casualty insurance, and carefully addresses essential elements of insurance regulation including licensure, rate approval, guaranty funds, and state law preemption. Importantly, the bills take a simple and straightforward approach to regulation, a hopeful sign that the archaic state system will not be replaced by a convoluted federal structure.

For agents and brokers, the bills appear to be just what Agents for Change has wanted and pushed hard for: a truly optional licensing system.

Agents for Change looks forward to the re-introduction of both bills in the 110th Congress and hearings in the House Financial Services Committee and the Senate Banking, Housing, and Urban Affairs Committee.

In the News

The Future of Insurance Regulation

Insurance Marketing Magazine, December, 2006

With myriad carriers operating nationwide, state and federal government officials have struggled in recent years to keep up with the challenges of regulating such a massive industry. Currently, insurance companies are regulated by individual states, leaving many insurance commissioners at odds about the most effective means of regulation. While some prefer the existing state-by-state arrangement, others have called for a federal regulatory system similar to that of the banking industry.

According to [Robert] Poli [chairman of Agents for Change], 'Consumers should be able to take advantage of competitive market forces in choosing their insurance – the same way they do in choosing their bank or credit card. An optional federal charter will promote competition. It will increase speed to market of products, and it may lower prices. An optional federal charter is the right policy prescription for the 21st century.'

Treasury Secretary Reiterates Favorable Remarks about Federal Regulation

Best's Insurance News, February 5, 2007

U.S. Treasury Secretary Henry Paulson predicted the idea of an optional federal charter would 'receive careful consideration' ...

During a Senate Banking Committee hearing ..., Paulson expressed interest in the idea of an optional federal regulator for the insurance

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industry — a few months after another Treasury official told the same committee that the National Association of Insurance Commissioners has not moved swiftly enough to modernize insurance regulation in the states.

Paulson's personal opinion ... echoes the Treasury Department's official take on federal regulation for insurers. Randal K. Quarles, the agency's undersecretary for domestic finance, told the Senate banking panel last year that there is now 'virtually no disagreement that the current insurance regulatory system is in need of modernization' and that 'differing state regulatory treatment can lead to inefficiencies and undue regulatory burdens.'

Upcoming Events

Please visit our website, www.agents4change.net, or contact Peter Ludgin for more information about the events listed below.



Legislative Conference

June 5th and 6th, 2007 - Washington, DC



In-District Meetings with Members of Congress

Locations across the United States



Community Build Day 2007

August 4th, 2007

"Competitors in the Marketplace, Cooperation in the Community"

Please Note

Agents for Change sends out periodic e-mails bringing members legislative updates and opportunities to influence the system. If you have not been receiving these e-mails your spam filter may be blocking them.

Please ask your system administrator to configure your system to allow e-mails from peter@agents4change.net and robert@agents4change.net in order to receive updated information from Agents for Change.

Also, contact Peter Ludgin to make certain your correct contact information and current e-mail address is on file.

Spread the Word

Please share this newsletter form with friends and colleagues who may be interested in an optional federal charter. **Urge them to join Agents for Change – on this debate, strength is truly in numbers.**

For more information please contact:

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