

# OPTIONAL FEDERAL CHARTER COALITION



"Simplifying Regulation for Agents and Brokers..."



Business Roundtable



February 7, 2008

The Honorable Barney Frank  
Chairman, Committee on Financial Services  
United States House of Representatives  
Washington, DC 20515

The Honorable Spencer Bachus  
Ranking Member  
Committee on Financial Services  
Washington, DC 20515

Dear Chairman Frank and Ranking Member Bachus:

As strong supporters of a comprehensive optional federal charter, the following organizations look forward to working with you on reform of the current state-based insurance regulatory system and are grateful for your Committee agenda to examine proposals to reform and improve insurance regulation.

Today's global insurance industry is governed by fifty-six separate regulatory regimes and is the only sector of the financial services industry whose regulatory system has not been modernized. Two hearings before Chairman Paul Kanjorski's Subcommittee demonstrated how this system suffers from inconsistent and inefficient regulation and enforcement across state lines, statutory barriers to product introduction and innovation, inconsistent and duplicative market conduct regulation, and a patchwork of other state laws that have remained unchanged for decades. This regulatory structure presents a significant obstacle to providing the best products, market price, and overall service to our customers.

An optional federal charter proposal would embrace the best of state insurance regulation and allow insurers, reinsurers, insurance agencies and insurance producers to take advantage of the regulatory flexibility banks have long enjoyed – the option of doing business under one set of national rules. By establishing an optional federal charter, Congress would allow the U.S. insurance industry to compete more equitably on a global basis and insurance industry regulation would catch up to banks and securities firms, whose regulation has been reformed and modernized. As recent studies such as the Schumer/Bloomberg report detail, an optional federal charter should be given serious consideration in order to improve the competitiveness of the U.S. financial services industry.

As you know, Representatives Melissa Bean and Ed Royce reintroduced HR 3200, the National Insurance Act last year, which proposes a comprehensive optional federal charter regulatory regime. We support such an approach and look forward to working with you and making progress on this important issue.

Sincerely,

Agents for Change  
American Bankers Association  
American Bankers Insurance Association  
American Council of Life Insurers  
American Insurance Association  
Business Roundtable  
Life Insurers Council (A Council of LOMA)  
The Council of Insurance Agents and Brokers  
The Financial Services Forum  
The Financial Services Roundtable  
The National Association of Independent Life Brokerage Agencies  
Reinsurance Association of America