



“Simplifying Regulation for Agents and Brokers...”

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Agents for Change Praises Senators Sununu and Johnson for Reintroducing Optional Federal Charter Legislation

Agents for Change strongly commends Senators Tim Johnson (D-SD) and John Sununu (R-NH) for reintroducing legislation to create an optional federal charter (OFC). “Very simply, an OFC will help producers better serve their customers,” said Robert Poli, Chairman of Agents for Change.

Producers continue to run into roadblocks – imposing licensing burdens, logistical and bureaucratic hurdles, a lack of speed to market of new products, and excessive costs. In order to sell in more than one state, insurance producers have to navigate through separate state insurance regulations and obtain a separate insurance license in each state.

Additionally, because of the current Byzantine state rules insurance products are oftentimes not available to all consumers. The current state based regulatory system burdens producers and consumers alike.

“Consumers are frustrated with the lack of choice among insurance products and coverage in the current system,” continued Poli. “They don’t understand why I can not continue to serve them – many of my customers view me as a trusted financial advisor – if they move to a state where I am not licensed. Similarly, they do not understand why I can sell a product in one state but not another. This makes no sense in the 21st century.”

Consumers will have access to more products and may save money due to increased efficiencies in regulation made available by an OFC. Producers will spend less time on paperwork and have more time to better serve their customers.

Poli continued, “it is very important to note 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 federal system with weak consumer protections. We simply want to give producers the choice to opt into a modern federal regulatory system if it makes sense for their business models and their customers.”

An OFC will decrease bureaucracy for producers and better protect consumers by mandating consistent consumer protections across state lines. At its core, this issue is about choice and competition. It is the best public policy solution to remedy the current inefficiencies in the insurance marketplace and it is a win-win for anyone who buys or sells an insurance product.

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 enact an optional federal charter to allow producers the option of being regulated at either the federal or the state level. Agents for Change has 4,000 members nationwide.

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