



“Simplifying Regulation for Agents and Brokers...”

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Peter Ludgin
Executive Director

June 12, 2009

The Honorable Timothy F. Geithner
Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Geithner:

On behalf of our 7,500 members, Agents for Change lauds your effort to modernize financial services regulation. Inclusive within comprehensive reform, however, must be a national insurance charter. As you know, the financial services industry includes banking, security and insurance products and excluding insurance – and the agents and brokers who serve as a direct link to consumers – from reform would be a mistake.

Agents for Change members sell life, property & casualty, and health insurance nationwide. They are viewed by their customers as trusted financial advisors who, oftentimes, have developed a rapport over dozens of years. Having the choice of opting into a national regulatory system, in a country which has become increasingly mobile, will allow producers to best serve their customers.

Today, insurance agents and brokers jump through hoops to serve their customers. Duplicative licensing requirements are inherent in the mandatory state-based system. In order to sell products across state lines producers have to navigate differing insurance regulations and obtain separate state insurance licenses. The state-based system stifles producers with excessive paperwork, bureaucratic snafus, and excessive fees. For producers, these hurdles are frustrating; for consumers, they are unacceptable.

Additionally, the mandatory state-based regulatory system limits product availability. A lack of speed-to-market of products prevents the nationwide rollout of products in a timely fashion. Under a national insurance charter, insurers would have the ability to quickly introduce innovative new products in response to consumer demand. A federal regulatory system will facilitate greater competition and ease of entry in the insurance marketplace, resulting in better service and increased product choices for insurance consumers.

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Moreover, free market pricing for property & casualty products is an important concept that should be grasped in the 21st century. The market should set prices, not state regulators. Very simply, a national insurance charter will promote choice, competition, and open markets. All of which will benefit consumers.

We are not advocating the implosion of the state regulatory system nor would we support a federal system with weak consumer protections. Currently state regulation is unevenly enforced. We would proudly support a strong national insurance regulator whom consistently enforced high consumer protections across the country.

Producers need efficiency, certainty, reciprocity, licensure reform, speed to market of products, and free-market pricing to best serve their customers. They need the choice to opt into a well-built federal regulatory system if it makes sense for their business models and customers.

Insurance is critical to our nation's economy and the financial services industry as a whole. Accordingly, we look forward to working with you to ensure that insurance agents and brokers, and the consumers they serve, are not saddled by 19th century mandatory state-based regulations.

Sincerely,



Peter Ludgin
Executive Director

cc: Michael Barr, Assistant Secretary for Financial Institutions
Larry Summers, Director of the National Economic Council
Chairman Christopher Dodd, Senate Banking Committee
Ranking Member Richard Shelby, Senate Banking Committee
Chairman Barney Frank, House Financial Services Committee
Ranking Member Spencer Bachus, House Financial Services Committee
Chairman Paul Kanjorski, Capital Markets Subcommittee
Ranking Member Scott Garrett, Capital Markets Subcommittee