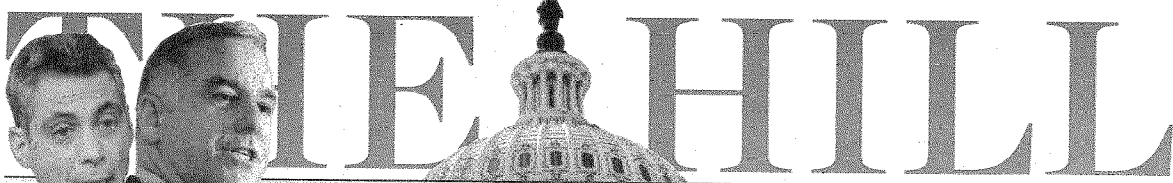


DEFENSE INDUSTRY ASSESSES MAJORITY LEADER MURTHA — P 18



DCCC targets drop-off voters after wasted year, CAMPAIGN, P 12

Foley who? North Korea has helped Republicans change the subject — DICK MORRIS, P 23

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LETTERS TO THE EDITOR

Hastert steadies

House Speaker Dennis Hastert (R-Ill.) surely agrees with the maxim that a week is a long time in politics. Two weeks ago, Republicans were upbeat about poll numbers that suggested an improved political landscape in the Nov. 7 election.

Then, the scandal surrounding former Rep. Mark Foley's (R-Fla.) relationship with House pages began to emerge. The next day, his sexually explicit instant messages were published and the congressman resigned.

During the following, terrible, weekend for the GOP leadership, pressure mounted on Hastert to resign. Powerful conservative activists and *The Washington Times* called for his ouster. By the middle of last week, confusion and recrimination had fractured the House leadership and Hastert's colleagues were ducking for cover while leaving him bespattered with charges of incompetence and cover-up.

But in the past week, Hastert has been active making contact with leading conservatives and he has frequently left his comfort zone to engage the press. He has sought to get out in front of the story by getting in front of television and press cameras. He has been more visible than the majority leader, Rep. John Boehner (R-Ohio), and has looked more like the leader he is supposed to be.

None of this may be enough to rescue his party's chances in the election less than a month away. But even if it proves insufficient, there is no doubt that it was necessary. And it is a tribute to his communications- and press-operations that they recognized that was needed and made their boss realize it too.

Thus, the Hastert who briefed the press yesterday about nothing in particular — he mentioned the economy, taxes and energy policy — was a very different Hastert than the one on the ropes last week. He was no longer in a defensive crouch, was indeed more or less relaxed, and he dealt expeditiously with the inevitable questions about what he knew and when of Foley's grubby behavior.

Hastert has been Speaker longer than any Republican before, a distinction achieved primarily because of his colleagues' vast respect for him (and their waiver of term limits on Speaker). That respect, his greatest asset, was severely shaken but appears to have been restored, at least for the time being.

Hastert is clearly in the home stretch of his leadership tenure, and there is a chance that he will step aside after the election results are known. But his departure, when it comes, will likely be far less ignominious than seemed possible just a week ago.

WEAK THE MEDIA

The Philadelphia Inquirer

... Congressional leaders such as Speaker Dennis Hastert (R-Ill.) promised to crack down on lobbying abuses. But as the months passed, the House and Senate put forward weak versions of ethics legislation, then adjourned this month without even agreeing on a puny bill...

... [N]ow, in the aftermath of the congressional page scandal, a new poll by the Associated Press has found that ethics has risen to one of the top issues on voters' minds...

Ethics is certainly playing a role in New Jersey's Senate race. Democratic Sen. Bob Menendez has the advantage of incumbency and a heavily Democratic electorate. But he has been dogged by his association with many New Jersey Democrats hit by scandal, plus questions about his role as a landlord who rented to an agency receiving federal funds.

That partly explains the closeness of his race with Republican state Sen. Tom Kean Jr. In turn, the Menendez campaign accuses Kean of hypocrisy for taking federal campaign donations from government contractors whom Kean tried to ban from making "pay-to-play" donations to state candidates. Don't tell anyone connected to this race that voters don't care about ethics...
— Philadelphia, Oct. 10

The Dallas Morning News

We rarely pass on offering our recommendation to voters. After all, someone will win, and we hope our analysis will help voters select the best candidate.

But we can't in good conscience recommend Ralph Hall, the 83-year-old GOP incumbent; Glenn Melancon, a smart young Democrat challenger; or Libertarian Kurt G. Helm in this race to represent [Texas's] 4th Congressional District...

Many of [Mr. Hall's] positions cause us concern, including his opposition to requiring Congress to pay for new tax cuts and his support for renewing aspects of the Patriot Act we believe go too far in trampling civil liberties. Mr. Hall also voted to intervene in Terri Schiavo's end-of-life case and opposed expanding federal funds for embryonic stem cell research...

Mr. Melancon... is clearly sharp, but his positions set our teeth on edge. He's a protectionist who calls NAFTA a "failed policy" and says he would have voted last year against the Central American Free Trade Agreement. He opposes a green worker program as part of immigration reform, opposes No Child Left Behind and would de-emphasize standardized testing of school kids.

Mr. Helm... declined to meet with the editorial board and has done little campaigning...
— Dallas Oct. 10

Insurance system needs more than a 'Band-Aid'

From Peter Ludgin, executive director of Agents for Change:

The 3,000 members of Agents for Change were pleased to read [Robert Rusbuldt's] op-ed ("Insurance Regulatory System in 'Desperate' Need of Repair," Sept. 20). His analysis of the regulatory problems plaguing consumers, producers and insurers alike is right on target.

As a matter of fact, Agents for Change was formed for exactly this reason — to give a voice to insurance producers who have been left behind on the issue of insurance regulation reform. Similar to the Independent Agents & Brokers of America (the Big "I"), Agents for Change has heard loud and clear from life, property & casualty, and health producers who agree that there is a dire need to modernize the insurance regulatory system.

How to rectify this problem, however, is where we disagree. Agents for Change believes in open markets, choice and competition. Any change must result in the best possible outcome for our customers. An optional federal charter (OFC) is the right fix.

The National Insurance Act of 2006 (S. 2509), bipartisan legislation introduced by Sens. John Sununu (R-N.H.) and Tim Johnson (D-S.D.), and the recently introduced House companion bill of the same title, H.R. 6225, offered by Rep. Ed Royce (R-Calif.) — accomplishes our agreed-upon goal of reform. These bills would: 1) provide producers with a truly optional licensing system to allow them one license to sell in all jurisdictions, 2) promote speed to market of products, and 3) enhance and create competition, which will benefit consumers.

Importantly, the bills would accomplish these goals while leaving the existing state system wholly intact for agents who choose to continue to be licensed at the state level, and for their customers who want to do business with an agent, or company, that only does business locally.

Mr. Rusbuldt proposed a "new private, nonprofit entity responsible for agent/broker licensing and managed by a board composed of state insurance regulators and industry representatives, including an independent agent." This entity would be called "NARAB II" after the National Association of Registered Agents and Brokers that was created as part of the Gramm-Leach-Bliley Act in 1999.

We applaud the ideas put forth by Mr. Rusbuldt — ideas matter. Yet, NARAB II is a Band-Aid solution. Today, some of the largest markets are not fully participating in NARAB, many states are not truly reciprocal, and it has done little to fix agency-licensing problems.

Regarding point of entry for life products, the National Association of Insurance Commissioners' Interstate Compact is a positive step in the right direction. But it has also proved just how difficult it is to get 56 jurisdictions onboard without federal intervention. Only 28 states, representing 44 percent of the premium volume, have approved the compact. Moreover, states can opt out at any point. Almost four years after the initial model was adopted, it has now just reached the point where it can become operational, and it will still take several

months to get the organization up and running. And, when the benefits do start flowing to the public, millions of insurance consumers will be left out because the states in which they reside are not part of the compact.

While a "coordinated electronic system for nationwide single point of filing" sounds nice, history tells us it very well may encounter the same frustrations as the Interstate Compact. Moreover, Mr. Rusbuldt's proposal does not take into account an important component of S. 2509 — rate deregulation for property & casualty products.

Excessive regulation in the insurance marketplace has proven to increase prices and decrease competition. On Aug. 24, *The New York Times* ran an article on insurance deregulation in the state of New Jersey titled "Where Drivers are now Courted." The article stated: "For the first time in decades, prices for coverage are falling in the state and insurance companies are fighting for drivers' business... More tellingly, it provides a case study in what happens when competitive forces are unleashed and markets are allowed to operate more freely... And insurance experts say that the easing of regulation in New Jersey has been by far the most important factor... With nearly 20 new companies doing business in New Jersey — introducing much more variation in price and services levels among insurers — nearly a third of the state's three million drivers have switched carriers..."

Promoting competition through decreased regulatory barriers, enhancing speed to market of products, and allowing producers to serve their clients no matter where they live (or move) is the best policy proposal to address the agreed-upon problems of the current state of insurance regulation. By supporting an OFC and S. 2509 and H.R. 6225, members of Congress will best serve their constituents who buy and sell insurance.

We live in a global marketplace. Shouldn't consumers 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 OFC will promote competition. It may lower prices. And it will be a boon to consumers. An OFC is the right policy prescription for the 21st century.
Washington, D.C.

Responses from

THE HILL'S Congress Blog

From Keith McMahon in response to a post from Rep. Dale Kildee (D-Mich.) on the Foley scandal!

House leadership members who were privy to the email exchanges between former Rep. Foley and the underage page several months ago should resign their posts! This is a classic example of looking the other way! Speaker Hastert's office has acknowledged they knew of the email exchange several months ago, yet it appears the only punishment Rep. Foley got was a weak slap on the wrist, if that at all...