



“Simplifying Regulation for Agents and Brokers...”

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The Administration’s Financial Regulatory Reform Proposal will Move the United States Toward a Modern Insurance Regulatory System

Peter Ludgin, the executive director of Agents for Change, issued the following statement in response to the white paper released earlier today by the U.S. Department of the Treasury to reform financial services regulation.

Washington, D.C. (June 17, 2009) – “The white paper released by the Department of the Treasury earlier today is a step in the right direction but it does not go far enough to create tools that insurance producers need to best serve their customers.

“Agents for Change commends the Administration for their commitment to enhance the oversight of the insurance sector and modernize the current system. Specifically, their recognition that ‘for over 135 years, insurance has primarily been regulated by the states, which has led to a lack of uniformity and reduced competition across state and international boundaries, resulting in inefficiency, reduced product innovation, and higher costs to consumers’ echoes the message we are taking to Capitol Hill.

“Insurance agents and brokers are saddled with dated licensure requirements and a lack of speed to market of products. Their customers continue to suffer because of 19th century regulations which were put in place at a time when insurance did not constitute interstate commerce.

“The creation of a federal Office of National Insurance (ONI) within Treasury is a first step to developing a modern regulatory framework for insurance. However, a national insurance charter is the only way to achieve all of Treasury’s objectives.

“Our current insurance regulatory system is fragmented, inconsistent and inefficient. A national insurance charter will benefit consumers by establishing consistently high consumer protections across state lines. And it will provide licensure reform, speed to

market of products, and free-market pricing allowing producers to best serve their customers.

“The white paper puts forward six principles including, *increased national uniformity through either a federal charter or effective action by the states*, to modernize and improve the mandatory state-based regulatory structure. The bipartisan National Insurance Consumer Protection Act (H.R. 1880) will accomplish each of these principles where the states have failed.

“Insurance is an important component of the financial services sector and without the creation of a national insurance charter any comprehensive effort to overhaul financial services regulation will fall short.”

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 modernize insurance regulation to allow producers the option of being regulated at either the federal or the state level. Agents for Change has over 7,000 members nationwide.

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