



SIMPLIFYING MATTERS

The Agents for Change Newsletter

"Simplifying Regulation for Agents and Brokers..."

Spring Edition 2009

Volume 4, Issue 1

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Membership

Join Agents for Change by visiting our website at www.agents4change.net

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Message from Your Chairman



As the Chairman of Agents for Change I am honored to bring you our fourth annual newsletter, Simplifying Matters.

Agents for Change represents over 7,000 insurance agents and brokers nationwide from across all lines of insurance. Our members are working together to reform insurance regulation and enact a national insurance charter to modernize regulation for insurance producers and insurers.

This is the first newsletter we are sending out under my chairmanship. I agreed to serve because I strongly believe the current regulatory structure is broken. But I am confident change is on the horizon.

Insurance regulation reform is receiving a significant amount of attention in the new Congress. The Secretary of the Treasury, Timothy Geithner, stated before the Senate Banking Committee on February 10, "I think these proposals to have a federal charter have a lot of merit..." And on February 25 The Chairman of the Federal Reserve, Ben Bernanke, stated before the House Financial Services Committee, "It would be a useful idea to create a federal option for insurance..."

Members of Agents for Change met with 52 Members of Congress on Capitol Hill and 17 members of Congress in their district offices in 2008. But at this critical time there is so much more to do. Please forward this newsletter to your colleagues. Strength is in numbers and you are our best referral.

Congress, the press, and other trades look to Agents for Change to gauge where the producer community stands on a national insurance charter. But only with your help will we succeed in our shared goal of modernizing insurance regulation.

Agents for Change is your trade association. We are here to serve you.

On behalf of the board of directors I thank you for your membership, involvement, stewardship, and input as we move forward.

Sincerely,

Ralph D. Haffley, LUTCF

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Invitation to Attend the Agents for Change Legislative Conference

Please consider attending our annual legislative conference on June 23 and 24, 2009, in Washington D.C.

The conference offers valuable political advocacy just as insurance regulation reform is receiving significant attention within the halls of Congress. It will give you an opportunity to learn more about legislative developments and allow you to further establish your relationships with public policy makers.



Agents for Change will schedule meetings for you with your elected officials and members of Congress who sit on Committees with jurisdiction over insurance.

Last year's legislative conference was very successful with over three-dozen producers blanketing Capitol Hill in an eight hour educational blitz.

Participants will hear from guest speakers and have considerable networking opportunities. This year's conference will feature private tours of the Smithsonian Institution and Federal Reserve as well as an opportunity to attend a Washington Nationals baseball game.

More information is available on our website. Early RSVP's are welcome and encouraged as **space is limited**.

Please contact Peter Ludgin at peter@agents4change.net or 202.589.1929 with questions or to RSVP.

Producer Benefits

Under the current state-based regulatory system, insurance producers who sell products in multiple states are mired by confusing, contradictory, sometimes duplicative and oftentimes, unnecessary rules and regulations that differ among the states in which they do business.

➤ **Producers will have greater licensing flexibility and choice.**

Under a national insurance charter, producers would have a choice to be regulated by the federal or state government. Under a national regulatory system, producers could apply for a single, national license that would allow them to sell for both national insurers, as well as state-chartered insurers, in all 56 jurisdictions.

Producers could choose to remain under the current state regulatory system. If state regulation works for their business model there will be no change, with the exception that producers may be able to offer clients an increased number of products that will likely be available from national insurers.

➤ **The ability of producers to serve their customers' needs will improve.** Nationally licensed producers will be able to provide additional products and services to all of their customers, regardless of the state in which they reside – or

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where they may move. Moreover, because of enhanced speed to market of products producers will be able to provide their customers with more timely access to the improved and innovative products that insurers will be able to offer.

- **Strong, uniform consumer protections will be established.** A national system of insurance regulation would assure consumers the same protections and recourse regardless of their residence. It would make it easier to track and discipline fraudulent producers – benefiting both reputable producers and consumers.
- **Administrative procedures and requirements will be streamlined, reducing confusion.** Nationally licensed producers would be subject to only one set of market conduct requirements, education standards, and product regulations – as opposed to the current system’s many differing sets. The agent residency requirements would also be eliminated.

Consumer Benefits

Each state has its own unique regulatory system. This cumbersome patchwork of laws and regulations creates an environment full of unnecessary expenses and delays that ultimately harms the consumers producers are trying to serve.

Currently, consumer safeguards differ from state to state, products are not universally available, and producers (who oftentimes are trusted financial advisors) are unable to serve customers that move out of state.

A national insurance charter would eliminate these problems by creating a uniform and consistent system for insurance regulation – that would remove barriers to consumer choice, increase competition, and offer consumers the same protections nationwide.

- **Consumers will be able to stay with their trusted insurance advisors no matter where they live (or move).** Under a national system, consumers will not have to find a new insurance agent when they move from one state to another. In the 21st century, this makes no sense.
- **Consumers will have access to the same products and services no matter where they live.** A national regulator would make it possible for insurers to offer consumers in all states the same products and services – giving consumers more timely access to improved and innovative products.
- **Consumers will benefit from uniform rules for sales and marketing practices.** The national insurance regulator would oversee both national insurers’ products and the producers who sell them. This provides uniform protection for consumers.
- **Consumers will be assured equal protection under the law regardless of their residence.** A national, centralized system of regulation would establish strong and uniform protections for consumers. Under the status quo, consumer protection laws and regulations differ from state to state, as does the enforcement of these laws.
- **Fair market pricing.** Rate freedom will allow the market (not regulators) to set prices producing savings for consumers.

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Project Town Hall

Agents for Change is proud to host in-district meetings for our members across the country.

These meetings give producers an opportunity to further develop their relationship with elected officials and allow members of Congress to hear directly from their constituents (i.e. voters) on the importance of insurance regulation reform.

As a service to our members we also provide information on town hall forums initiated directly by Congressional offices.

If you are interested in attending an in-district meeting or a town hall forum please let us know by e-mailing or calling Peter Ludgin.

Legislative Update

Agents for Change commends **Representatives Melissa Bean (D-IL) and Ed Royce (R-CA)** for drafting legislation to create a national insurance charter. We are hopeful that the bill will be introduced in the next several weeks.

A national insurance charter has the potential to enhance consumer protections, tackle many of the problems that have resulted from the fragmented state-based system, and ensure our capital markets are protected from systemic threats within the insurance sector.

The legislation may establish a national system of regulation and supervision for nationally registered insurers, agencies, and producers. We are optimistic that it will address essential elements of insurance regulation reform including licensure, rate approval, guaranty funds, and state law preemption. Importantly, the bill may take a simple and straightforward approach to regulation, a hopeful sign that the archaic state system will not be replaced by a convoluted federal structure.

For agents and brokers, the bill has the potential to be just what Agents for Change has wanted and pushed hard for: a truly optional licensing system.

In The News

Agent Groups Clash on OFC Push

National Underwriter, February, 2009

Reps. Melissa Bean, D-Ill., and Ed Royce, R-Calif., say they are preparing to introduce the National Insurance Consumer Protection and Regulatory Modernization Act, a bill that would give insurers the option of choosing to take a federal charter and come under the jurisdiction of a new federal insurance regulatory agency.

Peter Ludgin, executive director for Agents for Change, Washington, which represents both property-casualty and life insurance agents who support federal regulation, is welcoming the bill, saying it is forcing opponents of federal regulation to "scramble."

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Ludgin says opponents of federal regulation are using “their same old tired talking points, developed years ago,” and “are not adding anything constructive to a real policy debate in light of the current crisis.”

The state regulatory system worked well in the 19th century, but “interest groups who think the insurance regulatory system should not be reformed to reflect the needs of 21st century consumers are missing the mark,” Ludgin says.

The Bean-Royce bill would establish a national system of regulation and supervision for nationally registered insurers, agencies, and producers. States would keep responsibility for regulating state licensed insurers, agencies and producers.

The bill also calls establishing federal insurance offices be set up in all 50 states.

The criticism “is counterproductive to our shared goal of more efficient and effective regulation,” Ludgin says. “Insurance regulation reform will happen; this train is pulling out of the station.”

Letter to the Editor, Peter Ludgin, Executive Director *California Broker Magazine, January, 2009*

I read with interest the piece titled, “GAO Says Federal Insurance Charter Could Have Unintended Consequence,” in the January 14, 2009 Insurance Insider News section.

The quote which you ran from the January 2009 [GAO] study titled, A Framework for Crafting and Assessing Proposals to Modernize the Outdated U.S. Financial Regulatory System, is taken out of context.

An OFC will minimize time spent on licensing issues, increase speed to market of products, and allow producers to serve their customers no matter where they live or move. Insurers would be able to bring their products to market more quickly because they would only have to obtain approval from a single regulatory body, rather than in multiple states as they do now under the patchwork quilt of state regulation.

And consumers, who often move from state to state in today’s economy, would benefit from more stable insurance premiums and consistent administration and regulation of their insurance policies. Producers should have the option to take advantage of an OFC it will create efficiencies that will benefit their customers.

Please Note

Agents for Change sends periodic e-mails bringing members legislative updates and opportunities to influence the system. If you have not been receiving these e-mails your spam filter may be blocking them, or we may not have your correct e-mail address.

Please ask your system administrator to configure your system to allow e-mails from peter@agents4change.net or ralph@agents4change.net in order to receive updated information from Agents for Change.

Also, please contact Peter Ludgin to make certain your current e-mail address is on file.

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Legislative Conference

June 23 and 24, 2009 - Washington, D.C.



In-District Meetings with Members of Congress

Locations across the United States



Town Hall Forums with Members of Congress

Locations across the United States



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On this debate, strength is in numbers
**Can you meet your customers
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- Licensing hassles
- Additional costs
- Excessive paperwork
- Speed to market issues
- Losing customers who move out of state
- Inconsistent & duplicative regulation
- Artificially regulated rates

TIRED OF...



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