

The Honorable \_\_\_\_\_  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative \_\_\_\_\_:

On behalf of the Independent Insurance Agents of \_\_\_\_\_, I would like to voice our strong opposition to legislation that would create an optional federal charter (OFC) for insurance – H.R. 1880, the National Insurance Consumer Protection Act, introduced by Reps. Melissa Bean (D-IL) and Ed Royce (R-CA). We ask that you not support this misguided legislation.

While we understand the need for greater efficiency and uniformity in insurance regulation and the potential need to have limited federal systemic risk oversight, we believe that an OFC would create significant problems in the insurance market. The current state insurance regulatory system has many positive elements that should not be disregarded, including expertise and resources in place from years of regulatory oversight. State insurance regulation has worked effectively to ensure insurer solvency and protect consumers (individuals and businesses), and that has once again been proven during the recent financial crisis. Consumer needs vary from region to region, particularly in the property/casualty marketplace, and local officials are necessary to meet those needs.

Last week, the Administration released its proposals regarding financial services regulatory reform. Regarding insurance, we are pleased that the proposal retains the current state regulatory system and does not directly call for the creation of a federal regulator. While the report discusses some concerns with the state system, such as lack of uniformity, it does not even mention the optional federal chartering regime proposed in H.R. 1880 as a method to consider for modernizing and improving insurance regulation. An OFC would allow for regulatory arbitrage, a model that has been cited as a contributing factor in the current financial services crisis. Instead, the Independent Insurance Agents of \_\_\_\_\_ believes we should reform only those areas of the state insurance regulatory system that are inefficient, and we support modernization of insurance regulation through targeted federal legislation. Federal legislation establishing uniformity only where necessary would reform the marketplace while maintaining and improving state insurance regulation rather than duplicating it or supplanting it as would occur under federal regulatory proposals. A pragmatic federal standards approach would make the appropriate reforms without creating a new and costly federal bureaucracy.

Please oppose H.R. 1880, because federal insurance regulation is not the answer and will be harmful to consumers, main street businesses, agents and many local insurance companies. Please free to contact me if I can answer any questions or provide you with additional information on the issue of insurance regulatory reform.

Sincerely,

\_\_\_\_\_