

Keep insurance regulation in state hands

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You would think that with the economy in shambles thanks in large part to lax federal regulation of the country's financial markets that Congress wouldn't even think of weakening regulations for, of all things, the insurance industry.

But you would think wrong.

There's a bill edging its way through the House that would allow the nation's big insurance corporations to actually choose who would regulate them -- state governments that have regulated them for a century or a new federal insurance regulator that the legislation would create.

Most states, Wisconsin among them, long ago adopted tough and effective regulations that govern how insurance companies operate within their borders and contain safeguards for the insurance consumer. California, for example, strengthened its law in 1988 to provide oversight on the premiums auto insurers charge. It is estimated that has saved motorists an average of \$133 per year.

Big insurance corporations would like to get out from under those laws and they've now convinced some members of Congress and reportedly even the Obama administration that a federal regulator would be more efficient.

Interestingly, the bill to allow the regulation switch is authored by Rep. Melissa Bean, an Illinois Democrat, who has taken tens of thousands of dollars in campaign contributions from insurance giants, including more than \$26,000 from Allstate in the past four years. It doesn't leave much to the imagination whose bread is being buttered here.

"Allowing insurers to pick their regulator, just like AIG did, will negate hard-won consumer rights laws and destroy state-based oversight," Carmen Balber of Consumer Watchdog pointed out. "That web of state insurance laws, which the insurance industry has long decried as complicated and anti-competitive, withstood the test of fire by keeping insurance products and companies stable throughout this financial crisis."

Indeed. Wisconsin's strong insurance regulations date back to the days of the La Follette Progressives who were appalled at the way insurance companies treated customers, often not paying claims and frequently not putting aside enough reserves in case of calamities.

We already have learned a painful lesson of what happens when regulations are weak. This bill needs to die.