

Sen. Tester Backs State Insurance Regulation, He Tells Agents

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WASHINGTON—Independent agents at a conference here heard Sen. Jon Tester, D-Mont., voice strong support for state insurance regulation today while Republican legislative speakers discussing health care, said reforms should avoid overregulation.

Their comments came during the Independent Insurance Agents & Brokers of America annual Legislative Conference and Convention held here this week.

Sen. Tester, a member of the Senate Appropriations Committee, told agents that the economic crisis has shown the necessity for regulatory reform of the financial industry, but Congress must not overact and needs to make common sense decisions.

Insurance, he said, is one industry that does not need a federal overhaul because the state regulators have played a “critical role” in ensuring that the fate of other financial institutions did not befall insurers.

He said his time as a state legislator taught him how effectively state regulators can oversee the insurance industry.

“Having served at the state level, I feel that regulation of the insurance industry should be handled at that level just as it has been for the last 140 years,” he declared, adding that expanding federal reach is not always the answer.

Regulations must be put in place to allow federal regulators to prevent the massive financial failures of large conglomerates, such as American International Group, and reforms of the insurance industry should streamline the agent licensing process and improve regulation covering flood and crop insurance, he said.

Sen. Tester made the analogy of regulators acting like referees on a basketball court. They set the ground rules for play and then get out of the way, only to step-in when those rules are violated.

The senator also touched on health care reform saying that it is something that needs to be done, but he did not outline what reforms should look like. Responding to a question, he said changes would not be done by one party alone and need to include a range of ideas.

“No one is going to ram anything down anyone’s throat,” he said, adding that whatever is done, it needs to be affordable and accessible for all Americans, but it will get done.

Addressing the same group earlier, House Republican Whip Rep. Eric Cantor, Va., said health care reform is necessary, but that there are two visions of reform. One vision calls for a federal plan to take over the system, while the Republican vision would create a system that still preserves accessibility to health services and patient’s choice. He said health care should not become a “bureaucratic nightmare.”

Discussing regulation in general, Rep. Cantor said the role of the federal government should be to help small business entrepreneurs prosper and “not burdening them” with regulations.

He said that agents who plan to visit their representatives on Capital Hill today need to make a stand against over-regulation.

“The attempts to over-regulate are real and you have the opportunity to prevent that,” he said.

His comments echoed those of Chief Deputy Republican Whip Rep. Kevin McCarthy, Calif., who told a group of agents yesterday that decisions on health care reform would probably be made in the next few months and that he opposed ideas being proposed by President Barack Obama and Congressional Democrats. He said the health care system they would create would be neither compassionate nor efficient.