

Congressman Frank to PCI Attendees: Agents Among Most Influential of Lobbyists

BOSTON October 29 (BestWire) — Congressman Barney Frank, D-Mass., had some words of advice for industry professionals attending the annual Property Casualty Insurers Association of America meeting in Boston: Set up discussions with local congressmen and inform them of your position and why.

“Insurance is an area where we know the least,” the chairman of the U.S. House of Representatives Financial Services Committee told a large crowd in a conference room at Westin Copley Place during a meeting to discuss regulatory overhauls proposed in the 110th Congress. “It’s essentially always been a state matter – state-oriented. Many of us don’t have the experience we do when we talk about banking or securities.”

Advice and opinion are more effective than campaign contributions, Frank said. Contributions are a means to an end and the end is getting votes, which is driven by strong public opinion. Votes will always beat money, he said.

“Our ability to take your money and ignore you is greater than you think,” said Frank to laughter among his audience.

Frank said insurance agents rank at the top of the most influential lobbyists in any district and are considered a reliable source of information. They need to continue being heard.

“No major change in laws is going to come over opposition to the agents,” he said during his informal speech in which he appeared to use no prepared text.

On the subject of an optional federal charter, Frank said life is fully discussed but property/casualty is “somewhat behind that” – making the view of agents a major factor. Frank said he understands worries about a potential plan and said he is aware the banking industry – which has a state and federal regulator – is speaking with the insurance industry, warning them of an “inherent instability.”

On the issue of the Terrorism Risk Insurance Act, Frank said he is opposed to it on philosophical grounds because the “insured pay for the risk. The fact that you’re paying leads one to try and reduce the risk.”

But that philosophy does not comply with terrorism, Frank said, because there is nothing practical anyone can do to reduce the risk. The congressman used an anecdote about how the buildings in the city have visitors sign in as a means of terrorism prevention. The action simply does not ward off a determined terrorist.

Frank would like a more unified response to terrorism than allow the cost of business in some of the more terrorist-prone areas to rise.

“I don’t want terrorists to have that power,” Frank said. “This is a national security matter. I’m determined not to have the market get involved.”

A House bill proposes renewing TRIA for 15 years. The Senate came back with a bill of its own and a seven-year renewal and left out group life coverage.

“I want group life to be covered,” Frank said. “Otherwise, you’re protecting the building and not the people. No compensation makes me uneasy.”

Frank said he is not succumbing to the tactics he said the Senate is using to get its version of TRIA passed.

“I feel the Senate has come to us and said, ‘Look, this is the best we can do. It’s better than nothing, and we’re about to quit for a year so take it or leave it,’” Frank said. “The House has done a lot of work to

allow it.”

In preparation of the year ending without a compromise, Frank said the House has prepared measures to extend the act past its deadline at the end of the year.

Of the National Flood Insurance Program, to be revisited in 2008, Frank said the experience with wind disputes in the aftermath of Hurricane Katrina prompted the inclusion of windstorm coverage in the House bill.

“The notion that a person can be evacuated and come back to tell with any degree what damage was caused by wind and flood is very difficult for me,” Frank said. “If you can get flood (insurance), you can get wind.”

The House bill for the NFIP does have a provision to ensure it must pay for itself. If the program starts to own a deficit, it is ceased, Frank said.

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