

Insurance groups clash over regulation

By **Sara Hansard**
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Insurance industry representatives and regulators could not agree on moving ahead with comprehensive reform legislation at a hearing today held by the Senate Banking Committee.

As a result, committee chairman Christopher Dodd, D-Conn., indicated he will try to move legislation that is narrow in focus.

Most likely, the legislation would create a uniform system for regulating surplus lines of insurance, which is insurance sold in areas where insurance products are limited, such as coastal areas.

Without consensus among industry groups, Mr. Dodd said, legislation establishing an optional federal charter was unlikely to be approved by the Senate.

The American Council of Life Insurers and other insurance groups have been pushing for an optional federal charter for several years. They cite the need for more efficient regulation, which they argue a federal regulator would provide.

There has been an "inability of state regulators and legislators to act collectively to transform a badly fragmented state regulatory system into a uniform, efficient national system that serves the needs of what is now a global industry," John Pearson, chairman, president and chief executive of The Baltimore Life Insurance Co., said in testimony was given on behalf of ACLI.

But Steven Goldman, commissioner of the New Jersey Department of Banking and Insurance, argued in his testimony that the U.S. insurance system has "grown exponentially in recent decades in terms of the amount and variety of insurance products, and the number of insurers," with U.S. premiums topping \$1.4 trillion.

"Clearly, this is not an industry that has suffered under state insurance supervision," said Mr. Goldman, who testified on behalf of the National Association of Insurance Commissioners of Kansas City, Mo.

"State regulators' modernization efforts have led to a competitive, profitable market for insurers and lower costs for consumers," he said.