

Chamber Stance On OFC Worries Agent Groups

BY ARTHUR D. POSTAL--NU Online News Service, March 27, 2:20 p.m. EDT

WASHINGTON—Two insurance agent trade groups are asking the U.S. Chamber of Commerce to reconsider a decision by an independent commission established by the Chamber to support creation of an optional federal charter for insurers.

And the National Association of Mutual Insurance Companies said it is “encouraging” the Chamber to “weigh the impact an OFC would have on the thousands of smaller insurance companies that comprise the bulk of the U.S. insurance marketplace.”

So far, despite the strong concerns voiced by the groups, the Chamber has not indicated that it will adopt the commission’s position.

In forwarding the commission recommendations to its members, the Chamber wrote that its own policy on an optional federal insurance charter “will be determined only after additional input from its members.”

“After the release of the report, the Chamber will consult with its members in a timely fashion to develop a policy statement to further guide the Chamber’s position on insurance oversight and regulation,” said the letter from David Hirschmann, a Chamber senior vice president.

Meanwhile, interest in optional federal charter legislation in Congress appears muted. Key congressmen have offered no public response to a request by The American Council of Life Insurers and the American Insurance Association that they hold hearings on OFC.

Carl Parks, NAMIC senior vice president of government affairs, whose group opposes OFC legislation, issued a statement that, “State insurance commissioners with local oversight can better appreciate the different geographical concerns than would a new, large federal bureaucracy.”

Officials of the National Association of Professional Insurance Agents asked members to write the Chamber to express opposition to the proposal that “we believe is clearly not in the best interests of agents, taxpayers or insurance consumers.”

Robert Rusbult, president and CEO of the Independent Insurance Agents and Brokers of America, said in a letter to the Chamber that his group “strongly urges the Chamber to reconsider supporting such a misguided proposal.”

The recommendation supporting an OFC for the insurance industry was contained in a report by a Commission on the Regulation of U.S. Capital Markets in the 21st Century.