



# CURRENCY

## Committee on Financial Services

**Michael G. Oxley, Chairman**

**For Immediate Release:**

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### **BAKER SUBCOMMITTEE TO LOOK AT MODERNIZATION OF INSURANCE REGULATION**

Subcommittee Chairman Richard H. Baker (LA) and members of his panel will hear testimony Thursday, June 21 on "Insurance Product Approval: The Need for Modernization." Baker will convene the Capital Markets, Insurance and Government Sponsored Enterprises Subcommittee hearing at 2 p.m. in room 2128 of the Rayburn House Office Building.

"For consumers to get the best product at the best prices, regulatory constraints on product development and competitive pricing need to be minimized, or at the least harmonized to the fullest extent possible," Baker said. "At present, new product approval in each of the 50 states can take years, with consumer costs increasing to cover every step toward interstate compliance. It's essential for us to examine ways the states seek to cooperate and disentangle the literal maze of regulatory hurdles that cripple the speed of national marketing of new insurance products."

States hold regulatory jurisdiction over insurance products sold within their borders. Insurance companies must meet 50 sets of requirements, and disparities in state structures make bringing new insurance products to the market difficult. Also, while states have varying regulatory constructs, individual lines of products may be regulated differently within a state.

The securities and banking industries do not face significant delays in product approval. In contrast, consumers in the insurance industry are unable to get new products quickly as regulatory approvals can be subjected to delays of up to two years.

"We should avoid regulatory structures that increase costs and decrease choice for consumers without adding value," said House Financial Services Committee Chairman Michael G. Oxley.

The first panel in the hearing will focus on life insurance product approval, and the second panel will focus on property/casualty products. Witnesses who will present testimony are:

### **Panel I**

- Frank Fitzgerald, Commissioner, Michigan Insurance Bureau, Office of Financial and Insurance Services
- Lee Covington, Director, Ohio Department of Insurance, on behalf of the National Association of Insurance Commissioners
- Terry Parke, Illinois State Representative, President, National Conference of Insurance Legislators, on behalf of the National Conference of Insurance Legislators
- William B. Fisher, Vice President and Associate General Counsel, Massachusetts Mutual Life Insurance Company, on behalf of the American Council of Life Insurers

### **Panel II**

- Robert C. Gowdy, President, OneBeacon Insurance Group, Chairman, American Insurance Association, on behalf of the American Insurance Association
- Robert L. Zeman, Vice President and Assistant General Counsel, National Association of Independent Insurers, on behalf of the National Association of Independent Insurers and the Alliance of American Insurers
- Rita Nowak, Assistant Vice President, Alliance of American Insurers
- James A. Blum, CPCU, Chairman and President, Brotherhood Mutual Insurance Company, Chairman, National Association of Mutual Insurance Companies, on behalf of the National Association of Mutual Insurance Companies
- J. Robert Hunter, Director of Insurance, Consumer Federation of America
- Philip R. O'Connor, President, PROactive Strategies, Inc., former Director of Insurance, Illinois Department of Insurance

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