

## Consumer Groups Speak Their Piece on Regulation to FIO

Property Casualty 360

Consumer representatives to the National Association of Insurance Commissioners say in a letter to the Federal Insurance Office that effective insurance regulation requires greater transparency and substantive regulation. The letter also says that insurance regulation through market competition “would be inadequate,” and adds that regulatory modernization “should not become deregulation by another name.” The letter contends that neither state nor federal regulation is inherently superior; the issue “is what works best.” Consumer representatives voice concerns that a dual or “optional” [federal] charter would likely repeat the failure of the dual banking system “where regulators competed through deregulation.” The consumer reps also acknowledge that international regulatory cooperation is increasingly important. But the letter says that “cannot be used as an excuse to dilute state and federal consumer protection standards.” In the letter, the consumer reps say that the use of credit scores is “increasingly troublesome in a difficult economy, particularly when regulators have inadequate access to insurance credit scores models.” They also stress the importance of greater transparency in insurance regulation. “Consumers need access to policy forms and other information including producer compensation and market conduct data that is routinely available in other financial sectors,” the letter says. The letter urges the FIO to require insurers to affirmatively address climate-change issues, and says regulators need to be more proactive in investigating insurer handling of claims, enforcing claims-handling laws, and empowering consumers to better protect themselves. Moreover, the letter says, the FIO should increase the amount of insurance-company data and statistics that are publicly available, “as it is in other financial sectors.” The letter also voices concern that, “after a short period of abashed docility—and successful requests for a government bailout exceeding many hundreds of billions of dollars—the financial-services industry has returned to its mantra that the best regulation is usually the least regulation.” The letter was written in response to requests for comment from the Treasury Department and FIO on how the industry should be modernized and regulated going forward. The consumer representatives say they wrote the letter “to help bring consumer concerns to the forefront of

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the debate on insurance modernization and as a neutral voice in the continuing battle between advocates for state or federal regulation of insurance.”They said the FIO “will be deluged” with comments from numerous organizations representing the interests of insurers and producers.In contrast there are only a handful of organizations that can speak from a non-partisan position on behalf of insurance consumers, “particularly those purchasing personal lines insurance products such as auto and homeowners’ insurance.”