

President Proposes National Insurance Office

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The Obama Administration is proposing the formation of a new office within the Treasury Department that would oversee the insurance industry. This announcement comes in the wake of statements from Treasury Secretary Timothy Geithner in February that some form of federal insurance oversight will likely be a part of a forthcoming financial regulatory overhaul.

Congressional bill H.R. 2609, also known as the Insurance Information Act of 2009, will establish within the Department of the Treasury the Office of Insurance Information. This new office will have the authority to monitor all aspects of the insurance industry, establish Federal policy on international insurance matters, serve as a liaison between the Federal government and the several States regarding insurance matters, and serve as an advisory to the Treasury regarding the export promotion of United States insurance products and services.

As previously discussed on this [blog](#), Congress is also debating legislation by Congressmen Ed Royce (R-Calif.) and Melissa Bean (D-Ill.) which would create an optional federal charter through an Office of National Insurance. A federal charter would create a framework for a national system of state-based regulation and create uniform standards in such areas as market conduct, licensing, the filing of new products and reinsurance. California Insurance Commissioner, [Steve Poizner, has come out against the Royce-Bean legislation and is lending his support for the administration's bill.](#)

The administration's plan avoids the trap of creating a federal insurance regulator, which I have consistently opposed. It appropriately acknowledges the primary role the states play in regulating the insurance business to benefit consumers. State oversight of insurance companies, coordinated among all state regulators, is the reason that, among all the financial players in this country, it is the insurers who are and remain the most stable and the least in need of federal assistance.

Although it is unclear which bill has more political support, the [House Committee on Financial Services](#) will review both the Insurance Information Act and the proposed federal charter in the coming months.

Barger & Wolen will continue to track both pieces of legislation and provide regular updates for our clients and readers.