

January 17, 2018

The Honorable Jeb Hensarling, Chairman
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Maxine Waters, Ranking Member
House Financial Services Committee
U.S. House of Representatives
Washington, DC 20515

VIA Electronic Mail

RE: Support for Clarifying the Exemption of Business of Insurance from CFPB Regulation

Dear Chairman Hensarling and Ranking Member Waters:

The undersigned U.S. trade associations, write in strong support of H.R. 3746, the Business of Insurance Regulatory Reform Act of 2017. Collectively, we represent a majority of the U.S. companies and agents offering property-casualty, title, and life insurance and appreciate the House Financial Services Committee's swift action on the legislation.

Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act explicitly exempted the business of insurance from the purview of the Consumer Financial Protection Bureau except to the extent the "enumerated consumer laws" (e.g., Fair Credit Reporting Act) already addresses a specific insurance issue. Essentially, Dodd-Frank reiterated that the regulation of insurance had been delegated to the states under the McCarran-Ferguson Act.

Unfortunately, the Bureau has demonstrated its willingness to "tip toe" into insurance regulation and explore the extent of its powers in an open-ended and sometimes confusing manner. For example, the Bureau is willing to keep the door open to regulate a loan to an insurance policyholder arising out of a policyholder's own life insurance policy even though state insurance regulators aggressively occupy the field and consider this the business of insurance. This illustrates that the Bureau reserves the ability to revisit the issue at its convenience despite a clear lack of demonstrable need.

State insurance commissioners have a strong focus on consumer protection. Allowing the Bureau to attempt to expand the federal government's role in regulating insurance products would be counter-productive and ultimately could result in the bureau's regulations conflicting with the directives of the functional state regulators. Rather than allow this issue to build and create unintended consequences, we believe it is better to clarify the issue upfront.

To prevent such an eventuality, we urge you to pass H.R. 3746, the Business of Insurance Regulatory Reform Act of 2017. This bipartisan legislation – introduced by Reps. Sean Duffy and Gwen Moore – would simply clarify and reinforce the original intention of the Dodd-Frank and McCarran-Ferguson Acts; namely, that the Bureau should only exercise regulatory jurisdiction over the business of insurance where it has clear authority from Congress and that deference should be given to state insurance regulators when it comes to the business of insurance. When considering regulatory reform at the Bureau, avoiding the kind of duplication which would be created in regulating insurance must be at the top of the priority list.

We appreciate the committee's focus on this important issue and for the opportunity to voice our support for the bill. We look forward to working with the committee to move the legislative process forward.

Respectfully submitted,

American Council of Life Insurers
American Insurance Association
American Land Title Association
Consumer Credit Industry Association
Council of Insurance Agents and Brokers
Independent Insurance Agents and Brokers of America
National Association of Mutual Insurance Companies
Property Casualty Insurers Association of America