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STATEMENT BEFORE THE U.S. HOUSE OF REPRESENTATIVES FINANCIAL SERVICES COMMITTEE HOUSING AND INSURANCE SUBCOMMITTEE, "THE IMPACT OF INTERNATIONAL REGULATORY STANDARDS ON THE COMPETITIVENESS OF U.S. INSURERS." April 29, 2015

Founded in 1931, the National Association of Professional Insurance Agents (PIA) is a national trade association that represents independent insurance agencies and their employees who sell and service all kinds of insurance, but specialize in coverage of automobiles, homes, and businesses. PIA represents independent insurance agents in all 50 states, Puerto Rico, and the District of Columbia. They operate cutting-edge agencies and treat their customers like neighbors, providing personal support and service. PIA members are *Local Agents Serving Main Street AmericaSM*.

PIA opposes any federal or international effort that would undermine the state-based system of insurance regulation, such as creating a federal regulator of insurance or adopting a one-size-fits-all approach to global insurance regulation. States are the primary regulators of insurance in the U.S.; however, developments at the international level can heavily influence laws and regulations at the state level. If global standards are developed without appropriate consideration of the unique state-based system of insurance regulation, they may actually increase systemic risks and consumer costs by pushing small and midsize companies out of business and reducing competition.

PIA is concerned that international efforts to increase capital standards on insurance companies will lead to higher consumer costs, without corresponding consumer protections. Recent research by Sonecon and the American Enterprise Institute found that not only are international efforts to increase capital standards on property and casualty insurance companies unnecessary, but could raise homeowners' insurance premiums by as much as eight percent. The same research also found that higher capital standards will reduce coverage options for consumers.

PIA supports coordination and cooperation between state officials, federal officials, and international bodies to ensure that state insurance regulation is afforded appropriate deference in any federal or international decision-making process. The U.S. Department of Treasury, the Federal Insurance Office (FIO), the Federal Reserve Board, the Securities and Exchange Commission, and the National Association of Insurance Commissioners (NAIC) all represent the U.S. in some capacity in important international insurance discussions at the Financial Stability Board (FSB) and the International Association of Insurance Supervisors (IAIS).

PIA supports legislation that would require consultation with Congress, the insurance industry, and consumers with respect to domestic and international insurance standards, negotiations, regulations, or frameworks. International negotiations can have serious consequences for the domestic insurance industry, as well as its consumers, and should be handled in a transparent manner, which should

include the opportunity for public comments to be made on proposed agreements throughout the deliberative process.

For over 150 years the state-based system of insurance regulation has worked, successfully protecting consumers and creating a competitive and diverse U.S. insurance market. PIA looks forward to continuing our engagement with Congress on these important issues in the months ahead and thanks the committee for holding this hearing today.