April 17, 2017

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

Dear Chairman Hensarling:

On behalf of the National Association of Professional Insurance Agents (PIA National)\(^1\), thank you for your efforts to curtail the encroachment of the federal government on the state regulation of insurance with the Financial Creating Hope and Opportunity for Investors, Consumers, and Entrepreneurs (CHOICE) Act.

I write today to renew PIA National’s concerns with the provision of this bill that would amend Title V of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). The Financial CHOICE Act merges the Federal Insurance Office (FIO) with the independent member with insurance expertise on the Financial Stability Oversight Council (FSOC) to create a new federal office called the Office of the Independent Insurance Advocate (Advocate) within the Treasury Department. PIA National believes the FIO should be repealed and that this office should not be created.

As the Financial CHOICE Act has not been reintroduced in the 115\(^{th}\) Congress, the recommendations and concerns that follow pertain to the 2016 version. Below are the elements of the Independent Insurance Advocate provision that we view as most problematic:

- **Senate-confirmed term.** This elevates the office focusing on insurance to an inappropriately high degree in the context of our already strong system of state insurance regulation.

- **Separate office budget.** The 2016 Financial CHOICE Act included language allowing the Secretary of Treasury to provide the Advocate with such services, funds, facilities, and other support services as the Advocate requests and the Secretary approves, so a separate budget isn’t necessary.

- **Permission for Advocate to hire employees** such as “attorneys, analysts, economists, and other employees as may be deemed necessary …” This provision plants the seeds for the bureaucratic overgrowth of an unnecessary federal office.

- **Prohibition on Secretary of the Treasury taking action** to “delay or prevent the issuance of any rule or the promulgation of any regulation by the Independent Insurance Advocate,” and prohibiting the Treasury Secretary from intervening “in any matter or proceeding before the Independent Insurance Advocate, unless otherwise specifically provided by law.” We are

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\(^{1}\) PIA National represents independent insurance agents in all 50 states, Puerto Rico, and the District of Columbia.
struck by how powerful this position will be, given this provision. We also question what regulations, rules, or proceedings the Advocate’s office will be issuing or supervising, if the bill is not intended to create an office meant to grow into a regulatory bureaucracy.

- **Authority to observe all aspects of insurance industry** and identify issues or gaps in the regulation of insurers; this authority has historically been delegated to states in accordance with the existing framework of state insurance regulation.

- **Scope of office.** Last year’s Financial CHOICE Act stated that its scope of authority was over all insurance lines *except* for health insurance, long-term care insurance, and crop insurance. The National Flood Insurance Program (NFIP) was conspicuously absent from that list. This list of exceptions may open the door to allow the Advocate’s office to administer the NFIP, which PIA National would oppose.

- **Administration of Terrorism Risk Insurance Act (TRIA) program.** The TRIA program, while thankfully never activated, was restructured to be overseen by the FIO in Dodd-Frank. The TRIA program was able to function from 2002-2010 without the FIO’s involvement. FIO already seems to have taken the authority for administering the implementation of the National Association of Registered Agents and Brokers (NARAB), a power with which it was never provided. In fact, we would support new language specifically stating that the Advocate’s office will not administer NARAB. If the goal is to avoid a Washington-centric approach, these would be good opportunities to slow the momentum of the FIO/Advocate’s office in the administration of federal insurance programs.

PIA National agrees with the notion that a unified voice in international negotiations is good for U.S. policyholders and the insurance market. Given the existence of the U.S. Trade Representative office, which is capable of negotiating international agreements, combined with the existing successful state insurance regulatory framework, neither an Advocate’s office focusing on the insurance industry nor the existing FIO is necessary.

However, if Congress decides to create an Advocate’s office, we respectfully ask that our concerns, highlighted above, be taken into consideration to avoid the unintended consequences of creating a large, powerful federal insurance office.

We welcome the opportunity to continue this dialogue with you. Please contact Jon Gentile, PIA National vice president of government relations, at jonge@pianet.org, to discuss this issue further.

Sincerely,

Mike Becker  
Executive Vice President and CEO  
PIA National  

Cc: Members of the House Financial Services Committee