

Wishing For Spitzer?

WHAT IF THOSE who are crying out for federal oversight of insurance get their wish, but a Democrat is elected president of the United States—perhaps even another person named Clinton? Chances are that such a president would choose as Insurance Czar someone less than sympathetic to the industry—perhaps even Eliot Spitzer!

Luckily for insurers and brokers, New York's crusading attorney general is probably going to be too busy running his home state as governor to take the job. But luckily for Democrats, there are plenty of candidates out there for the new regulatory post who are just as hostile to the industry, such as two-time nemesis John Garamendi, insurance commissioner of California, or longtime gadfly J. Robert Hunter of the Consumer Federation of America.

You get my point. Concentrating power with one federal regulator would free carriers and brokers from pesky state regulations, but it might also leave them at the mercy of one really tough pooh-bah.

However, not even the prospect of having to report to Mr. Spitzer would change the mind of Evan Greenberg, president and CEO of Bermuda-based ACE, Ltd., the most outspoken advocate for an optional federal charter at the International Insurance Society's recent annual conference.

Mr. Greenberg seemed amused as I posed my worst-case scenario to him during an IIS press conference, following his appearance on a panel during which he declared that "our 50-state regulatory structure is costly, highly inefficient and frankly is an anachronism as well as a trade barrier."

"Right now we have 50 chances that we'll get an unenlightened regulator who is not business-friendly," he shrugged, noting that Mr. Spitzer, as governor, would have the honor of appointing New York's next insurance commissioner.

Mr. Greenberg acknowledged that convincing Congress to create a federal chartering facility "is no panacea—we're not naïve about this. But looking at banking under federal oversight, the regulator has been far more consistent. On balance, the

federal system has withstood any change in administrations. There is an institutional integrity to the process."

Other, lower-profile critics of state regulation attending the IIS meeting, when told of this exchange, cited the "optional" aspect of the federal charter proposal now before Congress, suggesting that if Washington becomes too overbearing, a carrier could always opt out and return to state oversight.

I think such an escape clause would be more theoretical than practical, and believe that once a carrier hitches its wagon to Uncle Sam, there won't be any turning

“Would you be in favor of federal regulation if the Insurance Czar was Eliot Spitzer, John Garamendi or Bob Hunter?”



back. But I appreciate Mr. Greenberg's point that come what may, many large carriers and brokers would rather take their chances with a single federal kingpin than risk dealing with 50 petty tyrants across the country.

The person with the most conflicted perspective at IIS was Ernie Csizar, who has seen all sides of the regulatory debate firsthand—as an insurance company president, head of the National Association of Insurance Commissioners, and now back through the revolving door as president and CEO of the Property Casualty Insurers Association of America.

"Having been a state regulator, I have a natural fear of federal bureaucracy. In my heart of hearts, I want the state system to reform itself," he said.

However, he added, "there is a siren song for an optional federal charter, and given we have a state system that could possibly work but is not working, and shows no sign of being able to reform itself, I can't blame those who are tempted to follow that siren song."

Sam Friedman
Editor in Chief

EDITORIAL HEADQUARTERS

33-41 Newark St.
P.O. Box 770,
Hoboken, NJ 07030
(201) 526-1230, Fax (201) 526-1260
E-Mail: NUP&C@nuco.com
Web Site: www.propertyandcasualtyinsurancenews.com

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WASHINGTON BUREAU

941 National Press Building
Washington, D.C. 20045
(202) 777-1104, Fax (202) 777-0116

WASHINGTON BUREAU CHIEF Arthur D. Postal

ASSISTANT EDITOR Matt Brady

CORRESPONDENTS IN:

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PUBLISHER Christopher W. Luke (908) 859-0893

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SUBSCRIPTIONS

P.O. Box 14367
Cincinnati, OH 45250-9780
(800) 543-0874 Fax: (859) 692-2246

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Linda O'Keefe
PARS International Corp.
102 West 38th Street, 6th Floor
New York, NY 10018
(212) 221-9595 • E-mail: linda@parsintl.com

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