



State of Utah

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Regulatory and Health Care Reform Must Tap State Expertise

WASHINGTON, D.C. (May 20, 2009) – The state-based insurance regulatory system has been a constant in an otherwise erratic economic climate. That was the key message conveyed this week when Utah’s Insurance Commissioner D. Kent Michie visited members of Congress to highlight the part of the regulatory system that has consistently worked.

Commissioner Michie joined NAIC Chief Executive Officer Dr. Therese M. (Terri) Vaughan and more than 35 state insurance commissioners for meetings with members of Congress to discuss insurance regulatory reform.

Commissioners also heard from Congressman Barney Frank (D-Mass.), chairman of the House Committee on Financial Services, on his views for financial regulatory reform; from Health and Human Services Secretary Kathleen Sebelius on health insurance reform; and from Congressman Earl Pomeroy (D-ND) on his perspective as a former NAIC President and North Dakota Insurance Commissioner. During the congressional meetings, Commissioner Michie stressed that reforms must provide consumers with the time-tested protections of the national system of state insurance oversight.

“It is imperative that we preserve and build upon the successful model of our national state-based regulatory system,” said Commissioner Michie. “The American people want more financial stability, not less. Reform proposals must ensure consumers have accountable and local regulators who can provide continued stability despite these challenging economic times. As a state regulator, my department works hard every day to make sure that insurers honor their promises to policyholders in my state.”

Commissioner Michie said the Washington visits were designed to ensure careful consideration of reforms to the nation’s financial services regulatory structure.

“As Congress works to address the current financial turmoil, we want to make sure the comprehensive national system of existing state-based insurance regulation is given full consideration and review,” said Commissioner Michie.

Commissioner Michie further noted that, as a whole, the business of insurance has not posed a risk to the nation’s economy; instead, it has provided a source of relative calm in an otherwise turbulent time. State insurance solvency oversight has kept insurance companies

stable and policyholders protected. At the same time, state regulators provide a local response to consumer issues at no cost to federal taxpayers.

“While we agree that reforms are needed, we believe that federal and state regulators should work together in a way that continues to protect consumers and promote financial stability. There are areas in which we might need federal assistance, but that assistance should streamline the strong state-based regulatory framework – not supplant it with a new federal bureaucracy,” Michie said.

While in Washington, Commissioner Michie shared these views with Senators Orrin Hatch and Robert Bennett, as well as Representatives Rob Bishop, Jason Chaffetz and Jim Matheson.

“States already have many patient protections, solvency standards and fraud prevention programs in place that should not be preempted by the federal government,” said Commissioner Michie. “Standards and rules to reform insurance regulation should, wherever possible, maximize state flexibility in the implementation of reforms that are responsive to local and regional market conditions. States must be allowed to protect consumers.”

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The Utah Insurance Department is a state agency whose mandate is to regulate insurance marketed and sold in Utah. Currently they license over 86,000 agents, agencies and insurers; audit domestic insurers to verify financial stability and compliance with insurance laws; take administrative actions against licensees found to be in violation of the insurance laws; take calls from consumers who have questions or complaints; and educate licensees and consumers regarding insurance.