

## House Financial Services Committee Hearing

### Regulatory Restructuring: Enhancing Consumer Financial Products Regulation

Wednesday, June 24, 2009

10:00 AM

#### Witness List (Click each name for their prepared testimony):

##### Panel One

- [The Honorable William D. Delahunt](#), Member of Congress

##### Panel Two

- [Professor Elizabeth Warren](#), Leo Gottlieb Professor of Law, Harvard University
- [The Honorable William Francis Galvin](#), Secretary of the Commonwealth of Massachusetts
- [The Honorable Ellen Seidman](#), Senior Fellow, New America Foundation
- [Mr. Edmund Mierzwinski](#), Consumer Program Director, U.S. Public Interest Research Group
- [Mr. Edward L. Yingling](#), President and Chief Executive Officer, American Bankers Association
- [Mr. Alex Pollock](#), Resident Fellow, American Enterprise Institute

##### Panel Three

- [Mr. Travis Plunkett](#), Legislative Director, Consumer Federation of America
- [Ms. Kathleen E. Keest](#), Senior Policy Counsel, Center for Responsible Lending
- [The Honorable Ralph Tyler](#), Commissioner, Maryland Insurance Administration on behalf of the National Association of Insurance Commissioners
- [Mr. Gary E. Hughes](#), Executive Vice President and General Counsel, American Council of Life Insurers
- [Ms. Catherine J. Weatherford](#), President and Chief Executive Officer, NAVA, the Association for Insured Retirement Solutions
- [Mr. Cliff F. Wilson](#), Southeast Arizona Insurance Services on behalf of the National Association of Insurance and Financial Advisors

This hearing focused on the establishment of a Consumer Financial Protection Agency proposed by the Obama Administration. The three panels offered three distinct views of the proposed agency. First, Congressman Delahunt offered his expertise on the issue as a former regulator in Massachusetts. The second panel made up representatives from NGO's, academia, and financial trade associations. The final panel consisted primarily of representatives from various insurance groups.

The first two panels largely focused on the regulation of highly sophisticated financial mechanisms, the Fed and credit cards. Rep. Delahunt framed the debate by indicating

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that the Agency would bring transparency, provide information, review products, and offer guidelines for consumers. Elizabeth Warren advocated simplifying the process in order to prevent confusion by consumers. Meanwhile, USPIRG's Mierzwinski and AEI's Alex Pollock, and committee Chairman Barney Frank indicated concern about separating systemic protection and consumer protection could create conflicting regulatory policies.

The third panel discussed the way a Consumer Products Regulator should address the insurance industry. Maryland's Insurance Commissioner Ralph Tyler, representing the NAIC, explained to the committee that the other industries discussed during the hearing were being re-regulated because they contributed to the larger financial crisis and that insurance did not.

Except for the Consumer Federation's Travis Plunkett, all members of the third panel understood the robust system of insurance regulations that exist in each state, commenting on their effective oversight of the insurance industry. All agreed that state regulation works because regulators maintain a dialogue with the industry to produce consumer protection tools in every state. Catherine Weatherford of NAVA, the Association for Insured Retirement Solutions, also mentioned that insurance industries use interstate networks to connect regulators and agents, which creates a cross-border discourse that works incredibly well.

Any agency that seeks to provide system-wide consumer protection in the insurance industry would find that states already regulate insurance products. Others on panel three, like ACLI's Gary Hughes and NAIFA's Cliff Wilson, made it clear that if the federal government wants to expand into insurance regulation, it needs an expert, insurance-specific, agency. However, a federal regulator would be significantly less technical and effective than the state-system in place. It appeared that the transparency, information, reviews, and guidelines that Rep. Delahunt indicated the new agency would provide already exist through state insurance agencies. The committee appeared to agree that the insurance industry should fall outside the scope of the proposed agency.

Chairman Frank indicated that a markup for this legislation will begin after July 4<sup>th</sup> and before the August recess.