Eye on Regulation

Will the fallout from the recession change how insurance is regulated?

Federal government bailouts throw a sharp focus on the negative impact of unregulated and under-regulated financial transactions.

In March 2008, the U.S. Treasury Department issued a far-ranging Blueprint for a Stronger Regulatory Structure, including a call for an Optional Federal Charter and an Office of National Insurance. As a creature of the outgoing Bush administration, there is serious question whether the blueprint retains any viability. The new Congress will probably focus on the ONI first. HR 5840, a bill to establish a federal office to coordinate national and international insurance policy, was pending in the House at year-end 2008.

Whatever shape regulatory modernization takes, change is inevitable. The question remains whether such change will be beneficial to the industry or simply place additional burdens on the business of insurance and reinsurance.

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