



# Kansas Insurance Department

Sandy Praeger, Commissioner of Insurance

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## **State insurance regulation necessary**

*By Sandy Praeger  
Kansas Commissioner of Insurance*

If the United States intends to strengthen the financial system, we should move quickly to pass measures that *add* checks and balances to the regulatory process, not *remove* them.

Our current system of insurance regulation is under attack by large insurance organizations and members of Congress. Proposed reforms would remove successful state regulation in favor of federal oversight. But state regulation has, in fact, guided insurance companies through many financial solvency issues.

State-based insurance regulation hasn't contributed to the current U.S. financial condition. Far from it. Let me explain.

State insurance departments serve the public interest by providing fair, prompt treatment for our local consumers. We also serve to promote competitive insurance markets. As a result, the insurance industry has remained relatively calm in otherwise turbulent financial times.

State insurance oversight has kept insurance companies stable and protected policyholders from the worst of the financial meltdown. Through current regulations, companies can meet their obligations to the individuals and businesses who, as policyholders, have put their trust in them. That can't be said, however, for other financial services businesses that failed under federal regulation in the past year.

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In Kansas, this state system protects policyholders by effectively monitoring more than 1,600 insurance companies that generate nearly \$20 billion in premiums in the state. The Kansas Insurance Department also licenses and regulates more than 90,000 agents, both resident and non-resident.

As we think about national financial reform efforts, we need to better identify and manage risk in the financial system by updating federal regulatory structures that are outside the scope of insurance regulation. But we have to do it in a collaborative manner. State insurance regulation must remain part of the process.

Financial regulators at all levels need the ability to consult about emerging issues and trends, allowing for early identification and swift action on issues that could potentially affect the larger economy. For this, the 13,000 people who work in state insurance departments throughout the United States have unique expertise and experience to lend. State departments can scan markets, see problems and react quickly. Regulators are trained to watch out for each other.

We in the state-based regulatory system want to work with the Obama Administration and Congress to help enact responsible, inclusive reform efforts. That's why I have shared key ideas for regulatory reform with our Kansas congressional delegation and with federal officials.

I trust that U.S. Senators Roberts and Brownback, as well as U.S. Representatives Moran, Jenkins, Tiahrt and Moore, will help us retain the successful state-based regulation.

We can continue providing stability to the insurance sector by relying on much of what already works.

*Sandy Praeger is the Kansas Commissioner of Insurance and immediate past president of the National Association of Insurance Commissioners.*

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*The Kansas Insurance Department, established in 1871, assists and educates consumers, regulates and reviews companies and licenses agents selling insurance products in the state. More about the department is online at [www.ksinsurance.org](http://www.ksinsurance.org).*