



## Consumer Federation of America

July 16, 2018

Dear Representative,

Consumer Federation of America opposes H.R. 3861, the “Federal Insurance Office Reform Act of 2018,” which seeks to gut the Federal Insurance Office (FIO). FIO was created in the wake of the financial crisis as a means to provide a resource for federal policymakers and the public regarding insurance markets and to assess the affordability and availability of insurance for American consumers.

While insurance is regulated by the states, the Dodd-Frank Wall Street Reform and Consumer Financial Protection Act rightly created the FIO to increase policymakers’ understanding of domestic and international insurance markets. Although it did not authorize any new domestic regulation of insurance companies, Dodd-Frank created a means to better understand this critical part of our nation’s financial infrastructure. There is no good reason to eliminate it.

H.R. 3861 would entirely eliminate FIO’s domestic responsibilities. For consumers generally, and low-income and minority communities in particular, FIO’s domestic mandate is its most valuable responsibility. In 2016, the Office, under this mandate, concluded a two-year process of developing a working definition of affordability for the auto insurance market, with input from a variety of stakeholders, including consumer, civil rights and community groups and the insurance industry. In 2017, FIO issued its first “Study on the Affordability of Personal Automobile Insurance,” which found that 18.6 million Americans live in ZIP codes where auto insurance is unaffordable. This was the first-ever analysis of this nature and scope. FIO’s role of providing relevant data and analysis is extremely important and should be maintained in order to help improve the economic conditions in struggling communities across the country.

Overwhelming evidence exists that documents the plight of low-and moderate-income Americans (LMI) who are unable to afford state-required auto insurance. A series of reports from CFA, the first of which was submitted to the states and the National Association of Insurance Commissioners (NAIC) in January 2012 documented this incredible challenge facing so many Americans. Links to these reports, with thumbnail descriptions of their contents can be found at <https://consumerfed.org/cfa-studies-on-the-plight-of-low-and-moderate-income-good-drivers-in-affording-state-required-auto-insurance/>

Yet, with the exception of California, the states and the NAIC have yet to take any action to document this serious national problem, much less address it, even with FIO’s important report in their hands. It is vital that FIO be allowed to continue to document problems facing consumers in the insurance market. States require auto insurance as a condition of driving; states impose stiff penalties, up to and including jail time, for driving uninsured; yet the states fail to make auto insurance affordable to good driving LMI consumers.

However, under H.R. 3861, this role of evaluating the fairness and efficacy of the domestic insurance market is removed. Eliminating FIO's domestic work does not improve insurance markets; it does not save significant taxpayer money; it does not help consumers. Clipping FIO, as this bill proposes, only serves to hide important information about insurance practices and prices around the country and decrease the transparency and accountability of insurance markets. Congress would be left in the dark, without critical information about the domestic insurance market, leaving America with no federal agency to ask questions about insurance when crises arise.

CFA strongly opposes H.R. 3861.

Sincerely,

A handwritten signature in black ink that reads "J. Robert Hunter". The signature is written in a cursive style with a large, looped initial "J".

J. Robert Hunter  
Director of Insurance  
Consumer Federation of America