

Insurers Contributed \$35.7 Million to Members of Congress Since 2005

By Consumer Watchdog
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Auto, Home and Other Insurers Pushing Deregulation Proposal To Opt Out of State Rate Regulation, Consumer Protections

WASHINGTON, May 14 /PRNewswire-USNewswire/ -- Auto, home, business and life insurance companies contributed \$35,743,017 million to members of Congress during the last two election cycles, according to an analysis released today by the nonprofit, nonpartisan Consumer Watchdog. About \$5 million went to members of the House subcommittee holding a hearing Thursday entitled "How Should the Federal Government Oversee Insurance?"

The top recipients of insurer contributions in the U.S. Senate and House of Representatives were Sen. McCain (R-AZ) \$2,287,345, Sen. Dodd (D-CT) \$1,102,056 and Rep. Kanjorski (D-PA) \$491,545. Senator Chris Dodd heads the Senate Banking, Housing and Urban Affairs Committee, which has jurisdiction over insurance matters, and Representative Paul Kanjorski chairs the House Financial Services Subcommittee holding Thursday's hearing.

Other top recipients include Rep. Bean (D-IL) \$358,603 and Rep. Royce (R-CA) \$297,574 who are co-sponsoring industry legislation to allow large insurers to opt out of state regulation in favor of a federal regulator. House Financial Services Committee Chair Rep. Frank (D-MA) and Vice Chair Rep. Bachus (R-AL) have received \$342,796 and \$312,550, respectively from insurance industry sources.

The campaign contribution data used in Consumer Watchdog's analysis was compiled by the Center for Responsive Politics.

"The insurance industry is using the chaos created by failed federal oversight of other financial players to ask for the same weak treatment and regulatory options given to the banking industry. And insurers have invested tens of millions of dollars in politicians to help their cause," said Doug Heller, Executive Director of Consumer Watchdog.

Insurance giants like Allstate, State Farm and Zurich favor the legislation authored by Reps. Bean and Royce (H.R. 1880), known as the "Optional Federal Charter." The bill would offer big insurance companies the ability to opt out of state regulation and select a federal overseer instead. Also, it would prohibit the regulation of rates by the new federal agency and would preempt state rules governing rates and unfair rating practices.

Among the key supporters of this optional regulation plan is Subcommittee Chair Kanjorski, the House's top recipient of insurance donations. Rep. Kanjorski's Congressional website explains: "Keeping our financial markets globally competitive, improving the housing market, increasing borrower safety, enhancing investor protection, and *creating an optional federal charter for insurance* are some of his top priorities for the Subcommittee." [emphasis added.]

The optional federal charter, or any federalization of insurance regulation aimed at preempting state laws will necessarily undermine consumer protection laws developed around the country over the years, according to Consumer Watchdog. No state's consumers would be harder hit than California, where the voters enacted the nation's toughest rate regulations in the country in 1988 through the ballot measure known as Proposition 103. According to a 2008 study by the Consumer Federation of America, Proposition 103 has saved Californians about \$62 billion on auto insurance alone over the past 20 years. Last year, for example, Allstate was ordered to lower auto and home insurance rates by \$500 million. Also in 2008, all California insurers were required to comply with rules requiring driving record and annual mileage to have more of an impact on auto premiums than other factors such as ZIP Code and marital status. H.R. 1880 would preempt both the rate cuts and the premium setting rules.

"Giving insurers the ability to opt out of state regulation in favor of a legislatively neutered federal agency is nothing other than deregulation by another name. It would be disastrous to support federal insurance deregulation as a response to the banking deregulation debacle that has left the American economy in shambles," said Heller.

What has led politicians to press for this program? According to Consumer Watchdog, the staggering volume of industry donations plays a major role. A list of top Congressional recipients of insurance money follows:

Top Ten Senate Recipients of Insurer Contributions Senator Amount
McCain, John (R-AZ) \$2,287,345
Dodd, Chris (D-CT)* \$1,102,056
Baucus, Max (D-MT) \$449,125
McConnell, Mitch (R-KY) \$448,633
Lieberman, Joe (I-CT) \$403,644
Nelson, Ben (D-NE) \$363,636
Cornyn, John (R-TX) \$324,194
Chambliss, Saxby (R-GA) \$308,386
Johnson, Tim (D-SD)* \$294,247
Corker, Bob (R-TN)* \$267,650
Top Ten House Recipients of Insurer Contributions Representative Amount

Kanjorski, Paul E (D-PA)* \$491,545 Rangel, Charles B (D-NY) \$480,290 Pomeroy, Earl (D-ND) \$474,769 Cantor, Eric (R-VA) \$94,100 Boehner, John (R-OH) \$383,175 Bean, Melissa (D-IL)* \$358,603 Frank, Barney (D-MA)* \$342,796 Tiberi, Patrick J (R-OH) \$332,609 Crowley, Joseph (D-NY) \$325,118 Bachus, Spencer (R-AL)* \$312,550 *Member of Congressional committee on insurance matters

A "pivot table" spreadsheet that allows users to pull up industry contributions by lawmaker, by party and other categories can be downloaded at [http://www.consumerwatchdog.org/resources/Insurer\\$PivotFINAL.xls](http://www.consumerwatchdog.org/resources/Insurer$PivotFINAL.xls)

A pdf displaying total contributions to each member of Congress, and identifying members of the House committee responsible for insurance matters, can be downloaded at:
[http://www.consumerwatchdog.org/resources/Ins\\$DataSubtotals.pdf](http://www.consumerwatchdog.org/resources/Ins$DataSubtotals.pdf)

"Allowing insurers to pick their regulator, like AIG did when it strapped a federally regulated financial unit to its insurance companies, will negate hard-won consumer rights laws and destroy the state-based oversight that kept insurance products and companies solvent and stable during the current economic crisis," said Consumer Watchdog's Washington D.C. Director Carmen Balber. "But the sound of insurer campaign dollars flooding into Congressional campaign chests threatens to drown out the public's interest in strong, locally accountable insurance regulation."

SOURCE: Consumer Watchdog

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