

Today, the Senate Judiciary Committee held a hearing titled "The McCarran-Ferguson Act and Antitrust Immunity: Good for Consumers?"

Panel I

Hon. Trent Lott, U.S. Senator, R-Miss. Senator Lott testified about his personal experience with his insurance company and the loss of his home in Mississippi after Hurricane Katrina. Sen. Lott became quite interested when he learned about McCarran-Ferguson and conducted research into the history of the Act. He stated that there were 37,000 people that were affected by the hurricane in Mississippi and was he very disappointed by the insurance industry's response.

Hon. Mary Landrieu, U.S. Senator, D-La. Sen. Landrieu's remarks focused on the "insurance crisis" along the gulf coast and especially in Louisiana. According to Sen. Landrieu, many individuals have returned to Louisiana but are unable to rebuild because they are either unable to obtain insurance coverage or the coverage is unaffordable to many. Landrieu believes that the Congress should play a role in moving forward and that Congress should "unturn every stone" in order to find a solution.

Panel II

Michael Homan, Homeowner, New Orleans, La. Mr. Homan focused on his personal battles with his insurance company.

J. Robert Hunter, Insurance Director, Consumer Federation of America. Hunter commented that the insurance industry has seen "record profits for the last three years." According to Hunter, the coastal residents have suffered the most because of the McCarran Ferguson Act. His remarks also focused on the claim that the modeling companies were under a "significant amount of pressure" by the insurance industry to change the models from a "long-term" model to only a five year model in order to support the increase in premiums by insurance companies.

Hon. Marc Racicot, President, American Insurance Association. Governor Racicot focused on three central issues: 1) the role of McCarran Ferguson; 2) the scope of the very limited exemption; and 3) the unintended consequences of a repeal. Racicot stated that the McCarran Ferguson Act is "less of an exemption but more of a guide" for companies, especially smaller ones to be able to participate in the marketplace. Racicot also strongly believes that a repeal would be quite harmful to the industry.

Susan Voss, Iowa Insurance Commissioner, National Association of Insurance Commissioners. The written testimony of Ms. Voss was quite different than her oral testimony. She stated that the NAIC supports the underlying intent of the Senate bill. However, in her written remarks, the NAIC supports the notion that McCarran should not impede a state or federal investigation of insurer practices but that a repeal would result in unintended consequences. According to Ms. Voss, the NAIC is continuing to review the issue and will provide the committee with additional information after the NAIC meeting to be held in New York the weekend of March 10th.