

2007 Senate Resolution to repeal the Mccarran-Ferguson Antitrust Act of 1945 by Senator Leahy-Chairman Senate

Judiciary Committee-up for Reelection in November 2010,

From the State of Vermont.

In February 2007, Senator Leahy and others initiated another, more comprehensive effort to hold insurance companies accountable under anti-trust laws. This bi-partisan push for The Insurance Industry Competition Act of 2007 would apply national anti-trust rules to the entire insurance industry, not just the medical insurance sector.(12) The law would require insurance companies to abide by the same competition laws as every other industry. According to bill sponsor Senator Patrick Leahy:

Federal oversight would provide confidence that the industry is not engaging in the most egregious forms of anticompetitive conduct – price fixing, agreements not to pay, and market allocations... Insurers may object to being subject to the same antitrust laws as everyone else, but if they are operating in an honest and appropriate way, they should have nothing to fear. American consumers and American businesses rely on insurance – it is a vital part of our economy – and they have the right to be confident that the cost of their insurance, and the decisions by their insurance carriers about which claims will be paid, reflect competitive market conditions, not collusive behavior.(13)

This bill will have a positive impact on individual consumers by increasing their confidence that insurance claims are being processed fairly. Introduced after homeowners affected by Hurricanes Katrina and Rita spoke out and increased public scrutiny of the insurance

industry, this bill would apply federal anti trust laws to the insurance industry, and thus create incentive for insurance companies to practice business in good faith. Civil penalties for bad faith practices like price fixing, agreements not to pay, and market allocations, as well as an increase in competition among companies for satisfied customers, will make it more expensive for insurance companies to delay or deny claims than to handle claims efficiently and based on their merits. Simply put, this bill evens the playing field by treating the insurance industry the same as other industries and by giving consumers confidence in the way insurance claims are processed.

The nature of the insurance industry, which sells a product people are often required to purchase to engage in basic, every-day activities like driving or contracting to build a home, makes Americans particularly vulnerable to monopolistic behavior under the McCarran Ferguson Act. Improving regulation of the insurance industry will directly benefit Americans, their families, and their businesses. It will also increase competition within the industry. As competition grows, consumers will enjoy more competitive prices and selection. This increase in market competition will in turn promote a stronger, healthier economy. Because Presidential leadership on this front will benefit the American economy as well as Americans from all walks of life, the next President should support and urge Congress to pass this bill.