

NEWS

- ▶ Front Page
- ▶ Older Headlines
- ▶ Past Features
- ▶ Items of Note
- ▶ Industry Calendar
- ▶ Search News

USER LINKS

- ▶ Log In
- ▶ Log Off
- ▶ Register
- ▶ Subscribe
- ▶ Renew Subscription
- ▶ My Account

HELP & INFO

- ▶ About Us
- ▶ Privacy Policy
- ▶ Contact Info

 Help & Frequently Asked Questions



Take CollisionWeek with you when you travel!

Small - Fast - MOBILE
More Information

CollisionWeek

Your Global Source for Collision Repair Industry News, Statistics, and Trend Analysis

Friday, 16 Feb 2007

House and Senate Introduce McCarran Repeal Legislation

Senator Patrick Leahy (D-Vt.), Chairman of the Judiciary Committee Thursday joined with Senate Democratic and Republican leaders to introduce the Insurance Industry Competition Act, a bill that would give the Department of Justice and the Federal Trade Commission the authority to apply antitrust laws to anti-competitive behavior by insurance companies.

Leahy introduced the bipartisan bill, along with the panel's Ranking Member, Senator Arlen Specter (R-Pa.), Senate Majority Leader Harry Reid, (D-Nev.), and Senate Republican Whip Trent Lott, (R-Miss.). Companion, bipartisan legislation has also been introduced in the House by Reps. Peter DeFazio (D-Ore.), Gene Taylor (D-Miss.), Bobby Jindal (R-La.), Charlie Melancon (D-La.), Rodney Alexander (R-La.), and Walter Jones (R-N.C.).

According to Leahy's office, for the last six decades, insurance companies have enjoyed immunity from federal anti-trust investigation and prosecution- this bill is intended to level the playing field so that insurance companies must abide by the same competition laws as every other industry.

The insurance industry and its practices have come under serious scrutiny along the Gulf Coast in the wake of Hurricanes Katrina and Rita, said Leahy, who has raised concerns that insurers have been too often denying claims and delaying payouts to residents along the Gulf Coast instead of honoring their contractual commitments to their customers and helping rebuild that region.

"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," said Leahy. "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."

"It is my hope that this legislation will bring the benefits of

competition to the insurance industry and to consumers. Too many consumers are paying too much for insurance due to the collusive atmosphere that exists in the insurance industry. This has become a particular problem along the Gulf Coast, where insurers have shared hurricane loss projections, which may result in double-digit premium increases for Gulf Coast homeowners," stated Specter. "I strongly urge members who are concerned about industry exemption from the antitrust laws and collusive insurance industry practices to support this important piece of legislation."

"One thing I learned coming out of Katrina is that the insurance industry is not subject to antitrust laws," Senator Lott said. "I've looked at the history, and there's no explanation for why that is - for why antitrust and price fixing in this industry are not covered by the federal government. Our legislation corrects this exception and applies antitrust restrictions to the insurance industry just as it is applied to most other corporations."

Lott, whose own home was destroyed by Katrina, has been a harsh critic of the insurance industry's response to that storm.

"American consumers should be confident that the cost of their insurance reflects competitive market conditions, not collusive behavior, and they should benefit through lower prices, more choices, and better services," said Reid. "If insurers around the country are operating in an honest and appropriate way, they should not object to being answerable under the same federal antitrust laws as virtually all other businesses."

 CW

[Back to CollisionWeek front page.](#)

[Send a Comment to the Editor on this story. Click Here](#)
[Web Site Problem? Questions? Click Here](#)
[CollisionWeek Terms of Use](#)
© Copyright 1999-2007 CollisionWeek