

# Liberalize Homeowners', Automobile, Life, and Commercial Insurance Regulation

Currently, insurance in the United States is governed by a patchwork of regulations. Some states have more cumbersome and confusing rules than others. This hampers innovation, raises insurance rates for those who behave prudently, and needlessly expands government bureaucracy. In the realms of homeowners', automobile, and life insurance—the types of insurance that most Americans buy for themselves—the United States needs a national insurance market that leaves rate regulation to market forces. Two major options exist for creating such a market.

**Interstate insurance choice.** Allowing state-regulated insurers to operate across state lines under the laws of their home state could yield many positive consequences without the need to create a new federal agency to administer it.

**State-level liberalization.** The second option requires only that Congress stay out of the way of states wishing to improve and harmonize their laws to the point that insurers and consumers have the benefits of a national market for insurance. All 50 states have enacted some form of the Uniform Commercial Code as a way of dealing with transactions of personal—that is, moveable—property. Thus, a sufficiently liberal uniform insurance regulatory law could also accomplish many of the purposes that a national regulatory regime for insurance would create without bringing the federal government into the business of insurance regulation.

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