



CENTER FOR CAPITAL MARKETS
COMPETITIVENESS

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May 28, 2013

Federal Housing Finance Agency
Office of Housing and Regulatory Policy
Constitution Center
400 Seventh Street SW, 9th Floor
Washington, DC 20024

**Re: Federal Housing Finance Agency Notice Regarding Lender Placed
Insurance: Terms and Conditions (No. 2013-N-05)**

Dear Sir or Madam:

The U.S. Chamber of Commerce is the world's largest business federation, representing more than 3 million businesses and organizations of every size, sector, and region. The Chamber created the Center for Capital Markets Competitiveness ("CCMC") to promote a modern and effective regulatory structure for capital markets to fully function in a 21st century economy. The CCMC welcomes this opportunity to comment on the Federal Housing Finance Agency's ("FHFA") "Notice Regarding Lender Placed Insurance: Terms and Conditions", which proposes to prohibit certain practices relating to lender placed insurance ("Proposed Action").

The CCMC supports a pro-competitive approach to insurance regulation that leads to a uniform and efficient supervisory system with respect to product design, market conduct, and other oversight functions. Accordingly, we believe that the FHFA should not take any actions that may conflict with or overlap prevailing insurance law.

As an initial matter, the CCMC is concerned that the FHFA's process is backward. The FHFA has recognized the need to conduct a "broader review of issues relating to the market for lender placed insurance" that will include soliciting comments from interested parties, but has determined to move forward with this Proposed Action prior to that broader review. The CCMC believes that an efficient regulatory system must be based on a thorough review of all relevant facts to ensure that resulting rules are adequately tailored to address the problem for which they are

intended, while minimizing negative consequences that can be harmful to the efficient functioning of our capital markets.

Substantively, the CCMC believes FHFA should not take any action that will conflict with or overlap with the existing insurance regulatory system. As the FHFA is undoubtedly aware, the McCarran-Ferguson Act, makes clear that the business of insurance is regulated at the state level, unless superseded by federal law that specifically addresses the business of insurance. This longstanding approach has helped to prevent subjecting market participants to duplicative federal and state oversight and liability.

Despite the mandate of McCarran-Ferguson, the FHFA appears to be moving forward with the Proposed Action though the Proposed Action may duplicate or contradict efforts already underway at the state level. Moreover, the Consumer Financial Protection Bureau has also taken related action, further complicating the issue of overlapping federal and state regulations. Therefore, we strongly urge the FHFA to defer to the judgment of the established regulators of insurance and abstain from imposing any conflicting or overlapping regulations.

Thank you for your attention to this important matter. We would be happy to follow up with the appropriate staff to discuss the issues raised in this letter in greater detail.

Sincerely,

A handwritten signature in black ink that reads "David Hirschmann". The signature is written in a cursive, slightly slanted style.

David Hirschmann