Trump's victory could ease regulatory pressure on insurance sector

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Donald Trump's presidential election victory could mean movement on key legislative and regulatory priorities favored by many in the property/casualty insurance sector.

The president-elect has pledged to crack down on "wasteful and unnecessary regulation" and to issue a temporary moratorium on new agency regulations if they are not compelled by Congress or don't address public safety.

Mr. Trump's pledge could benefit the property/casualty insurance sector, said Nathaniel Wienecke, senior vice president, federal government relations, Property Casualty Insurers Association of America in Washington.

"It's fair to say we expect a wholesale review of the federal government's involvement in the regulation of property/casualty insurance," he said.

In addition to securing the presidency, Republicans maintained control of the U.S. Senate and the House of Representatives.

"With the election of Mr. Trump as President, Republicans now control both chambers of Congress and the White House," Leigh Ann Pusey, President and CEO of the Washington-based American Insurance Association, said in a statement on Wednesday. "The combination gives us hope that the legislative log jam can be broken."

A key priority for the property/casualty insurance sector is addressing the U.S. Department of Housing and Urban Development's disparate impact rule, which the agency has sought to extend to the pricing of homeowners insurance, Mr. Wienecke of PCIAA said.

“We do not believe they have authority to regulate property/casualty insurance under McCarran–Ferguson,” he said.

The McCarran–Ferguson Act exempts the insurance industry from most federal regulation.

Another priority is reforming and obtaining a long-term reauthorization of the National Flood Insurance Program, which is set to expire Sept. 30, 2017, Ms. Pusey said.

Mr. Trump’s administration is also likely to review the Department of Labor’s new overtime rule, Mr. Wienecke said. The rule revised the overtime regulations of the Fair Labor Standards Act to raise the thresholds for workers to be considered exempt from overtime pay requirements. The rule is expected to result in a new wave of overtime-related lawsuits against employers.

The United States is also in the midst of covered agreement negotiations with the European Commission to deal with the effect of the European Union’s Solvency II Directive, which introduced new capital requirements for insurers and became effective on Jan. 1, 2016. U.S. insurance groups with operations in the EU have faced discriminatory treatment in the absence of the U.S. regulatory system being deemed “equivalent” to Solvency II, according to the American Insurance Association, which believes a covered agreement may address those issues.

The covered agreement negotiations will likely be a topic of discussion between the Obama administration and Mr. Trump’s transition team, Mr. Wienecke said.

Senator Mike Crapo’s (R-Idaho) reelection to the Senate and expected ascension to the chairmanship of the Senate Banking Committee was applauded by property/casualty industry experts and could signal momentum on legislative priorities that could affect the sector.

“They could very easily move forward on these priorities pretty quickly,” Mr. Wienecke said.