



The Daily Dish

November 18th Edition

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For profit [colleges and universities are suing](#) the administration over new rules that tie federal aid to graduates' loan payments. According to the colleges, "This regulation, and the impact it will have on student access and opportunity, is so unacceptable and in violation of federal law." The rule can apply to non-degree programs at nonprofit schools as well.

EPA head Gina McCarthy referred to backlash over the Waters of the United States rule as a "communications challenge" [during a breakfast event](#). Under the regulation the EPA would decide whether to regulate streams and rivers on a case-by-case basis. [According to Douglas Holtz-Eakin](#), "the rule should be re-worked... If new waters will be regulated, it should be apparent from a plain reading of the rule."

The nation's pensions are running a \$62 billion deficit [according to a new report](#) by a government watchdog agency. This year's deficit is almost double last year's, leading Rep. John Kline to call the issue "a ticking time bomb that will inflict a lot of pain on workers, employers, taxpayers and retirees if Congress fails to act."

Eakinomics: Harmonizing (and I don't mean CSNY)

This afternoon the House Financial Services Committee will hold a hearing with key insurance regulators on the issue of international regulatory standards. Insurance is boring. International regulatory standards are more boring. International regulatory standards for insurance is the zombie death walk of policy issues.

Unfortunately, it also really matters. Insurance enters everyone's life in so many ways — auto, health, homeowners, whole life, term life, flood, terrorism, ... — that providing a single set of rules between state, federal, and international jurisdictions could lower costs, cut premiums and eliminate barriers for customers to leverage insurance products to increase international trade, manage catastrophic risks, and hedge global uncertainty (terrorism, political unrest, regional economic slowdowns, and so forth.) In the U.S. alone, there are 54 states and territories regulating insurance. Add to that federal and international rules and it makes it increasingly costly to provide necessary insurance from purely local auto coverage to complex cross border transaction-related products.

That is the tantalizing promise of harmonizing standards. However, which standards? As noted, there are already over 50 choices in the U.S., and these are much more alike than the vast differences between U.S. and European approaches to insurance regulation. For an industry facing new global regulatory standards, the prospect of wholesale changes amounts to an increase in "regulatory risk" — the inability to confidently anticipate changes in rules thereby making it more difficult and costly to do business.

For this reason, the hearing today will mark the unofficial beginning of an increasing attention by Congress to this issue, as international insurance associations and regulators in Europe and elsewhere are beginning work on harmonization of rules. It will be boring, arcane, and important.

From the Forum

[The Week Ahead in Regulation: November 17 – 21](#) by Dan Goldbeck, AAF Research Analyst

[Principles of Tax Reform](#) by Douglas Holtz-Eakin, AAF President