



Insurance Collection Executives (ICE)

November 16, 2010

Louise R. Roseman  
Director,  
Division of Reserve Bank Operations and Payment Systems  
Board of Governors of The Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

Dear Ms. Roseman,

We are writing to express support for the legislation, which would help establish reasonable debit card interchange rates in the U.S. Insurance Collections Executives (ICE) is a mutual benefit corporation that provides a forum for insurance collection professionals to advance billing and collection issues in the P&C insurance industry. Its member and associate insurance companies account for 59% of the insurance premiums collected in the U.S.. ICE has been unsuccessful in negotiating reasonable rates and payment reform from the card industry. The cost of card acceptance is exorbitantly higher than all other forms of payment. These additional expenses drive up the cost of insurance for consumers and businesses.

We believe the charge for debit card access to funds in a checking account should be regulated by the Federal Reserve and priced like our other receipt channels such as EFT (\$.02) or check transactions (\$.15). Current cost for debit card transactions in Canada (\$.12) and Australia (\$.09) each are dramatically less than the U.S. insurance industry debit card cost of (\$2.83).<sup>1</sup> Due to the disproportionate expense our industry discourages the use of cards. The costs, which card brands claim necessitate the higher rates, are few. Our industry produces exceptionally low card fraud and no "up sale" potential; both touted by card brands a part of their cost and attraction.

The proposed debit card interchange rate reductions are a step in the right direction; however, ICE urges you to undertake comprehensive interchange rate reform. We believe this should include reasonable rate provisions for credit cards beyond the small circle of partners who set rates today – the two major card brands and the card issuing banks that receive the vast majority of the revenue. Ensuring that interchange rates are reasonable for essential insurance products will control costs and help bring much-needed relief to consumers and businesses.

ICE and its members and associates appreciate your leadership and dedication to this very important issue.

Very sincerely,

A handwritten signature in cursive script that reads "Kenneth Godfrey on behalf of ICE".

Kenneth Godfrey  
ICE Executive Director

<sup>1</sup> Composite rate paid by ICE members & associate carriers