GOVERNMENT RELATIONS

WINS AND ACCOMPLISHMENTS

114th Congress 2015-2016

Federal

- The 114th Congress passed the Terrorism Risk Insurance Program Reauthorization Act of 2015, which created the National Association of Registered Agents and Brokers (NARAB). President Obama signed the bill into law. Former NAIFA-National Trustee Thomas McLeary, CLU, was nominated to the NARAB Board of Directors by the president.

- NAIFA members, including President Juli McNeely, testified before Congress three times as well as the Department of Labor (DOL), explaining the impact the department's fiduciary proposal for retirement accounts would have on Main Street advisors and savers.

- President Obama signed into law the Protecting Affordable Coverage for Employees (PACE) Act, which will ensure that small group markets remain defined as 1-50 employees and not change to 1-100 employees as had been proposed. The bipartisan modification to the Affordable Care Act (ACA) helps NAIFA members continue to serve their small employer clients.

- NAIFA's testimony, meetings and other efforts on the DOL's proposed fiduciary rule had a tangible impact and resulted in significant changes in an unworkable draft of a rule reflected in the final rule. NAIFA's efforts focused on educating Congress, DOL, the Office of Management and Budget and others, both in Washington, D.C., and in district offices, about potential consequences of the original proposal. Key differences between the draft and final include:
  - Best interest contract (BIC) provisions can be incorporated into new account forms and signed at point-of-sale,
  - Definition of "education" versus "recommendation" clarified,
  - Electronic notices to existing clients, with "negative consent,"
  - Advice on rollovers, distributions and too small employer plan sponsors and participants covered by BIC,
  - Advisors are not signatories to BIC contract, so no private right of action against advisors,
  - Proprietary products will satisfy best interest standard under certain conditions,
  - Definition of reasonable compensation clarified,
  - Removal of annual disclosures and one-, five-, and 10-year projections.

- Congress enacted legislation extending expired tax benefits and approving the omnibus appropriations to fund the government through September 30, 2016. The year-end bills include NAIFA-backed provisions, including:
  - (Sec. 179 Expensing) – Current law allows a full deduction of certain business acquisitions for purchases up to $25,000. This bill allows the deduction for purchases up to $500,000.

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Federal

  - Permanent IRA-to-charity gifting rules – Allows IRA owners who are 70½ years of age or older to make a direct tax-free gift (of up to $100,000) to a charity.
  - Authority to roll over retirement plan funds into a SIMPLE IRA.
  - Delay in the ACA Cadillac tax (set it to go into effect in 2018) for two years, to 2020.
- Due to the efforts of NAIFA and industry partners, FINRA's final rule regarding recruitment practices is much less onerous and disruptive than the original proposal from 2013. The new rule as approved by the SEC requires that an educational communication be sent to investors who are considering moving their accounts to a representative's new firm, which would suggest questions for clients to ask the representative on matters such as any financial incentives, costs, and compensation.
- Five NARAB nominees were placed on the Senate Banking Committee's Executive Calendar.
- The House of Representatives approved the Senior $afe Act, H.R.4538, which included language crafted by NAIFA to protect both seniors who are at risk of abuse and the financial advisors who serve them.
- In June 2016, NAIFA joined the American Council of Life Insurers in challenging the DOL fiduciary rule in federal court in the Northern District of Texas.
- NAIFA President Jules Gaudreau, along with several NAIFA Government Relations staff members, met with SEC Commissioner Kara Stein. NAIFA expressed concerns that any SEC fiduciary rule should not adversely affect middle-market investors who rely on the advice of NAIFA members.

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State

- NAIFA-National testified before the National Association of Insurance Commissioners (NAIC) on the growing problem of senior financial exploitation and recommended the NAIC become involved in this issue. NAIFA-National developed and distributed to state associations model state legislation designed to protect seniors from financial abuse.

- NAIFA state associations, including NAIFA-Louisiana, NAIFA-Colorado, and NAIFA-Oklahoma, successfully amended bills designed to protect seniors from financial exploitation to include provisions that protect advisors from liability and establish a voluntary rather than mandatory reporting standard for suspected elder financial abuse.

- NAIFA state associations played a crucial role in successfully opposing state-run retirement plan legislation in numerous states, including Maine, Vermont, Utah, Georgia and Colorado. State associations in Connecticut and Maryland were key players in successful efforts to moderate the more onerous requirements of state-run-plan bills enacted in those states. NAIFA state associations in Washington and New Jersey worked towards the successful enactment of legislation that will establish a voluntary marketplace for employers and retirement savers to connect with private market retirement plan providers.

- NAIFA-Nebraska and NAIFA-Iowa successfully lobbied to reverse a decision by insurance regulators to suspend agent commissions on policies sold through the now bankrupt ACA Co-Op operating in those states. Due to those critical efforts, agents will be placed higher in the bankruptcy process of the Co-Op to retrieve payments owed.

- NAIFA-National developed model state legislation that would allow financial advisors to receive up to four hours of CE credit for membership in a professional insurance association. NAIFA testified before the NAIC and requested that insurance regulators consider supporting the NAIFA model.

- NAIFA-Arkansas successfully secured written authorization from the Arkansas Department of Human Services that permits advisors to assist consumers eligible for the Arkansas “Private Option” Medicaid expansion throughout the entire enrollment process.

- NAIFA-Oregon participated in a coalition to successfully defeat Measure 97, which would have increased the state’s corporate tax by imposing an additional 2.5 percent gross receipts tax on company revenue in excess of $25 million. NAIFA and industry partners were concerned that this tax would be especially harmful to the insurance industry. Oregon voters overwhelmingly rejected the measure.

- NAIFA-National has been an active participant in the NAIC’s efforts to develop a cybersecurity model law specific to the insurance industry. Although the regulators’ initial draft of the model law contained numerous provisions that were of fundamental concern to industry, later drafts have included significant revisions and have narrowed the gulf between the industry and regulators. While the industry still has significant concerns with the current draft, the regulators do appear to be listening more closely to the concerns raised by industry.

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