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## Organization of 110th Congress Begins

### Leadership Elections

Congress finished up the first round of its post November 7 elections reorganization when it chose House and Senate leaders during the week of November 13. The reorganization was made necessary by the change in political party control from Republicans to Democrats in both houses of Congress.

When the 110th Congress gets sworn in on January 4, 2007, the Democrats will control the Senate by 51 to 49 seats and the House by 232 to 202 seats. There are two races that are heading for runoff elections this month, with party control of one seat up for grabs. The other runoff election features only Democrats, so the seat will remain in Democratic control no matter what the outcome is of the runoff election.

House Democrats unanimously chose Rep. Nancy Pelosi (CA) to be the speaker of the House. In a hotly contested race, Democrats elected Rep. Steny Hoyer (MD) to be the majority leader, the number two leadership post. Rep. Jim Clyburn (SC) was chosen to be the Democratic whip, the number three position; while Rep. Rahm Emanuel (IL) was selected as chairman of the Democratic Caucus, the number four position. Rep. Emanuel has been given the lion's share of credit for the Democratic takeover of the House because of his very successful chairmanship of the Democratic Congressional Campaign Committee. Rep. John Larson (CT) rounds out the top leadership positions as vice chairman of the Democratic Caucus.

House Republicans elected their leadership team on November 17. Speaker Dennis Hastert (IL) had announced earlier that he would not pursue another term as leader of House Republicans. Former number two leader, Rep. John Boehner (OH), was elected minority leader. Rep. Roy Blunt (MO) was selected as minority whip. House Republicans elected Rep. Adam Putnam (FL) to be chair of the Republican Conference, the number three Republican leadership position. Rep. Kay Granger (TX) rounds out the top spots as Republican Conference vice chair.

Earlier in the week, Senate Democrats and Republicans identified their leadership teams. Victorious Democrats chose Sen. Harry Reid (NV) as majority leader, Sen. Richard Durbin (IL) as assistant majority leader and whip, and Sen. Chuck Schumer (NY) as vice chair of the Democratic Conference, the number three position. Sen. Schumer was also appointed to continue as chairman of the Democratic Senatorial Campaign Committee. From that position Sen. Schumer has been given a large share of the credit for Democrats retaking the Senate.

On the Republican side of the Senate, Sen. Mitch McConnell (KY) was a consensus choice for minority leader. The big news was the re-elevation of Sen. Trent Lott (MS) to the leadership team. Lott resigned his position as Senate majority leader in 2002. Lott won a hotly contested comeback race for minority whip. Rounding out the membership of the Republican team will be Sen. Jon Kyl (AZ), who will serve as chairman of the Republican Conference, Sen. Kay Bailey Hutchison (TX), chair of the Republican Policy Committee; and Sen. John Cornyn (TX), vice chair of the Republican Conference.

### **Committee Assignments**

After finishing up their leadership races and passing a temporary funding resolution to keep the federal government running until December 8, both the House and Senate recessed for Thanksgiving. With leadership in place, the next step in the reorganization process will take place at the committee level. While many House and Senate Committee chairmanships and ranking minority member positions are already locked in, not all are—particularly in the House. At the same time, the ratio of Democrats to Republicans on key committees is still being pondered—again, more in the House than in the Senate.

Congress will be reconvening for (probably) its last "lame duck" session on December 4. It is anticipated that committee leadership, subcommittee leadership and the filling of open slots will culminate during the time Congress stays in session. Most of the behind-the-scenes preparation work on both sides of the aisle has been taking place over the Thanksgiving break. We hope to report in the next issue of *Frontline* on the makeup of the committees that control legislation impacting the business of NAIFA members.

### **"Lame Duck" Legislative Issues**

With the approach of the official shift in political party control of Congress near, there appears to be little interest on either side of the aisle for tackling tough issues of any kind. For example, the estate tax issue seems to be off the table. There is every likelihood that Congress will simply pass a continuing funding resolution to keep the federal government running until mid-February 2007, perhaps pass a relatively uncontroversial set of tax provisions called the "extenders package" and call it a day. Some groups are trying to squeeze some additional tax provisions into the "extenders package" as well, and some "technical" corrections to the pension reform bill Congress passed last August. Both efforts seem iffy. More than likely, all real work will carry over to the 110th Congress convening next January.

For further information on these issues, contact NAIFA's Michael L. Kerley at [mkerley@naifa.org](mailto:mkerley@naifa.org) or Jill Edwards at [jilledwards@naifa.org](mailto:jilledwards@naifa.org).

## **Members Needed to Fill APIC Legislator Gaps**

Just like Congress, NAIFA too is preparing behind the scenes for the legislative battles that loom in the upcoming 110th Congress. One of NAIFA's most powerful assets is the group of NAIFA members who have influential relationships with members of Congress and who volunteer to serve as members of the Advisors Political Involvement Committee (APIC). This team of NAIFA members lends enormous strength to NAIFA's Advocacy program.

As a result of the elections, there are a number of gaps in the APIC system. NAIFA President John Davidson, LUTCF, and APIC Chair Deanna Dooley, LUTCF, are asking all NAIFA members review the APIC Legislative Gap List at [www.naifa.org/advocacy/apic/neededcontacts.cfm](http://www.naifa.org/advocacy/apic/neededcontacts.cfm) and help APIC find member contacts for the

newly elected members of the House and Senate. You will be doing yourself as well as your colleagues a great service by aiding the APIC Team.

If you have any information about APIC potential legislative contacts for any of these members of Congress, please email Ryan Baird at [rbaird@naifa.org](mailto:rbaird@naifa.org) with the news or sign-up as a APIC legislative contact at [www.naifa.org/advocacy/apic/signup.cfm](http://www.naifa.org/advocacy/apic/signup.cfm).

For more information on NAIFA's Advisors Political Involvement Committee (APIC), go to [www.naifa.org/apic](http://www.naifa.org/apic).

## Now is the Time to Make an IFAPAC Contribution

Just like last-minute tax planning, now is the time to send that contribution to the NAIFA federation's political action committee, IFAPAC, that you've been intending to make all year. It's quick and easy to do, and so important to insurance agent and financial advisor survival in the political world.

Thanks to the generosity of a relatively small subset of NAIFA members, IFAPAC has contributed over \$1.8 million to federal political candidates, party committees and leadership PACs so far in the 2006 elections. But, the need for contributions from NAIFA members is ongoing—both for 2006 election debt cleanup and positioning for the crucial 2008 elections.

Remember, IFAPAC contributions to candidates do not come from NAIFA member dues. They can only come from a fund created by the personal contributions of individual NAIFA members. So, NAIFA President John Davidson, LUTCF, and IFAPAC Chairman Bill Oglesby, LUTCF, ask you to go to [www.naifa.org/advocacy/ifapac/contribute.cfm](http://www.naifa.org/advocacy/ifapac/contribute.cfm) (NAIFA member log-in required) to make that all important contribution to IFAPAC.

For more information on NAIFA's Insurance and Financial Advisors Political Action Committee (IFAPAC), contact Magenta Ishak, director of political affairs, at [mishak@naifa.org](mailto:mishak@naifa.org).

## Interstate Compact Commission Holds First Annual Meeting

The Interstate Insurance Product Regulation Commission held its first annual meeting in mid-November and tackled a number of issues that should help it become operational in 2007 as a central point of filing for life and other insurance products sold in 28 states.

The Commission oversees the interstate compact—the leading state-based initiative to reform insurance regulation by improving the speed-to-market conditions for life, annuity, long-term care and disability income products. The compact should enable those products to reach consumers faster by allowing companies to file new products in one place for approval in every state that enacts the compact law. NAIFA strongly supports the compact, and NAIFA state associations around the country have pressed for its adoption, so that new products satisfying uniform standards will be available sooner for agents to offer to their clients.

The compact has already been adopted by 28 states, which account for about 44 percent of the national premium volume for the covered products, and may be considered by nine more states in the coming year.

The current list of compacting states includes Alaska, Colorado, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Minnesota, Nebraska, New

Hampshire, North Carolina, Ohio, Oklahoma, Pennsylvania, Puerto Rico, Rhode Island, Texas, Utah, Vermont, Virginia, Washington, West Virginia and Wyoming.

States that may consider the compact in 2007 include Alabama, Connecticut, Illinois, Michigan, Missouri, New Jersey, New Mexico, New York and South Carolina. You can learn more about the interstate compact and the compact Commission at its website, [www.insurancecompact.org](http://www.insurancecompact.org)

As one of the four members of the Commission's Interim Insurance Industry Advisory Committee, NAIFA was at the table to assist state regulators throughout the Commission's recent two-day meeting. A summary of some of the topics discussed and actions taken follows:

### **Administration**

The Commission announced its Management Committee membership, which includes the six largest premium volume compacting states (Georgia, Massachusetts, North Carolina, Ohio, Pennsylvania and Texas), three mid-level states (Indiana, Minnesota and Virginia) and four small states (Oklahoma, Vermont, Washington and West Virginia). Pennsylvania Insurance Commissioner Diane Koken was elected Commission chair; West Virginia Insurance Commissioner Jane Cline was elected vice chair; and Minnesota Department of Commerce Commissioner Glenn Wilson was elected treasurer.

The Commission also announced that it has hired an executive director to begin building its permanent staff. In addition, the Commission discussed the selection process for its industry and consumer advisory committees. NAIFA is seeking to retain its seat on the Industry Advisory Committee to ensure the agent community helps the Commission develop fair and streamlined operations and appropriate product standards and review procedures. (You can read the interim industry committee's proposed selection procedure for the industry advisory committee at [www.naifa.org/advocacy/documents/IIPRC\\_letter1.pdf](http://www.naifa.org/advocacy/documents/IIPRC_letter1.pdf).)

### **Public Access Rule**

The Commission held a public hearing to receive comments on its proposed rule governing public access to the Commission's records. The Management Committee agreed with NAIFA and its industry colleagues that the rule should exclude from public access product filings that are pending approval, disapproved or withdrawn, to maintain a robust competitive marketplace. The full Commission will consider adoption of the public access rule at its December meeting. (You can read the interim industry committee's comments on the public access rule at [www.naifa.org/advocacy/documents/IIPRC\\_letter2.pdf](http://www.naifa.org/advocacy/documents/IIPRC_letter2.pdf).)

### **Product Standards**

The Commission also discussed the proposed compact standards for five adjustable life products. The Management Committee agreed with NAIFA and its industry colleagues that the product standards should include a fraud exception to the two-year incontestability period (to the extent permitted by law in the state where a policy is issued or delivered) and that, as suggested by Vermont and West Virginia, interest on death benefits should be calculated from the date of death rather than the date a company receives proof of death.

In addition, the Commission discussed amending these product standards to accommodate unique features required for their use by fraternal benefit societies and examining the use of a translation certification procedure for Spanish-language forms filed with the Commission. The Commission will consider adopting the adjustable life product standards at its December meeting. (You can read the interim industry committee's comments on the adjustable life product standards at [www.naifa.org/advocacy/documents/IIPRC\\_letter3.pdf](http://www.naifa.org/advocacy/documents/IIPRC_letter3.pdf).)

For further information on these issues, contact NAIFA's Michael Gerber at [mgerber@naifa.org](mailto:mgerber@naifa.org).