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Budget Process in Congress Casts Shadow Over Health Care and Income and Estate Tax Issues

By party line votes, both the House (on March 25) and the Senate (on March 26) Budget Committees approved their proposed Congressional budget resolutions. Thus, the two houses of Congress have formally embarked in an annual ritual that sometimes ends in agreement between the two houses in crafting a unified proposal but often does not.

Keeping in mind that budget bill provisions are solely suggestions, whether ultimately melded into one document or not, the budget plan(s) often reveal the intentions of House and Senate leaders on issues that can impact the business of NAIFA members and their clients.

As it stands now, the two proposed budget plans differ significantly although not widely. Both allow for tax legislation that would permanently reform the estate tax (with an indexed \$3.5 million exemption and a 45 percent top rate). Both also address, although in different ways, the alternative minimum tax (AMT). And both allow for systemic health reform, although

again the differences in the approaches taken by the two chambers may prove significant as lawmakers fashion the legislation authorized by the budget bill(s).

Following is an outline of the provisions of two proposals that could bear on the business and clients of NAIFA members.

Taxes:

Both budget resolutions allow for significant middle class tax cut legislation and specify the tax provisions the budgeteers would like to see included in that legislation. Neither, however, requires a tax bill. And, since the budget specifics are not mandatory; all tax bill decisions will come in separate legislation from the House Committee on Ways and Means and the Senate Committee on Finance.

The Senate's \$3.53 trillion fiscal year 2010 budget proposal includes:

- A total of \$825 billion in tax cuts.
- Authority to enact without offsets a bill to provide an indexed and permanent \$3.5 million per individual exemption from the estate tax, along with a 45 percent top estate tax rate.
- Authority to patch the alternative minimum tax (AMT) without offsets for three years—offsets would be required for AMT patches in the last two years of the five-year budget window.
- Extending expiring tax provisions (including the marginal tax rates enacted in 2001, except for the top two rates, which would rise—in 2011—back to their pre-2001 levels of 35 and 39.6 percent).
- Make permanent the now-temporary small business (section 179) expensing rules (which allow up to \$250,000 in otherwise capitalized expenses to be expensed in the year of acquisition)
- Expansion of net operating loss (NOL) carryback provisions
- Elimination of capital gains payable by small businesses.
- Among tax provisions that are projected to raise \$14.1 trillion in total revenue over 5 years, revenue raisers called for in the Senate budget include \$133 billion in “loophole closers” including international tax enforcement and codification of the economic substance doctrine.

The House's 2010 budget proposal contains:

- \$613.2 billion in middle class tax relief—more than \$200 billion less than called for in the Senate budget.
- Calls for \$14.3 trillion in tax revenue over 5 years, \$200 billion more than in the Senate budget proposal.
- Provides for a number of tax relief provisions that would not have to be offset in 2010, but only if the House votes on a statutory pay-as-you-go rule. Among the tax cuts subject to the pay-go statute contingency are the budget's authorization of an indexed \$3.5 million per person estate tax exemption and a 45 percent top estate tax rate, and next year's patch of the AMT. After next year, the House budget requires offsets for the annual patches to the AMT.
- Subject to the pay-go rule contingency, the House budget also includes authority for middle class tax rates. Like the Senate, the House would allow reversion to 35 percent and 39.6 percent of the top two tax rates in 2011 for high income earners.

- Also included are marriage penalty relief, the child tax credit, and small business tax relief.

Obama Budget Outline:

Both Congressional budget blueprints provide for substantially less middle class tax relief than proposed by the Obama Administration. The Administration proposed \$2.2 trillion in tax relief over a 10-year period. The President's suggested revenue collection level for five years, \$14.1 trillion, mirrors the Senate's revenue collection figures.

Health Reform:

Both the House and Senate budget blueprints allow plans for systemic health care reform, but the House version adds reconciliation instructions while the Senate version does not. The budget law contains a rule (called reconciliation) that limits overall debate in the Senate on a legislation covered by the reconciliation process. Reconciliation cuts off the possibility of a procedural filibuster that requires 60 votes to stop. With 58 Democratic votes presently in the Senate, using the reconciliation process would allow for Senate enactment of health care reform measures with fewer than 60 votes. Proponents of healthcare reform view reconciliation protection as key to winning Senate approval.

House/Senate Turf Battle:

Reconciliation has become a potential controversial "turf" issue between the House and Senate. Given the partisan make-up of the House and Senate, reconciliation rules pretty much only affect the Senate. Senators currently appear concerned that the House would impose rules that affect only the Senate. Many Senate lawmakers oppose use of reconciliation for health reform, saying it would kill any chance of bipartisan work on the issue. But some in the leadership want the option to remain open to prevent the Republican minority from adopting a "block anything" strategy with respect to health reform. Arcane and procedural though it is, this is a key issue that could profoundly impact Congress' ability to enact a systemic health reform bill this year.

Substantive Hurdles to Healthcare Reform:

In addition, there are significant, substantive problems with using reconciliation to enact health reform. The reconciliation rules require that all provisions in a reconciliation bill impact federal revenue. Any provision that does affect revenue is subject to a bill-killing point of order that requires 60 votes to waive. Thus, any non-revenue provision would likely have to be left out of a healthcare reform bill. Examples of provisions that could be impacted by this include health insurance standard benefits packages; whether there should be an individual or employer mandate to buy health insurance; whether or not to require the offering of a federal government sponsored plan and if so, many of its details; privacy protection rules, etc. Plus, the bill itself would have to sunset at the end of the budget window unless there are 60 votes to waive the reconciliation rule requirement that a reconciliation bill cannot affect federal revenue in years beyond the budget window.

Next Steps:

The House and Senate budget is not a law—it is a guideline for implementing legislation—and thus President Obama does not sign (or veto) it. Votes by the full House and Senate on their respective budget resolutions are expected this week. Approval by the individual Congressional houses is likely. There will then be a House-Senate conference to resolve the differences. Final action is unlikely prior to the end of April or early May, both because of controversy over the differences and because of the upcoming April 3-April 20 Congressional recess.

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Senior Vice President Bill Anderson Represents NAIFA at NAIC Spring Meeting

The National Association of Insurance Commissioners held its 2009 Spring meeting on March 15 – 18 in San Diego, CA. This meeting, like all NAIC meetings, is extremely important to NAIFA members as the model laws and regulations adopted at these meetings significantly affect the manner in which NAIFA members conduct their business. Illustrative of this are the following items that were discussed or acted upon at the meeting in San Diego:

- The Annuity Suitability Working Group is in the process of revising the Annuity Suitability Model and is discussing a panoply of requirements for producers who sell annuities including specific product training, additional annuity licenses, specific hours of continuing education for annuities, testing for general knowledge of annuities and testing for each product sold. This could result in 40 to 50 tests for some producers. NAIFA has filed written comments and is closely following the process to ensure that overly burdensome requirements are not adopted.
- The Guaranty Association Model was amended, raising the limits on annuities and long term care insurance, keeping insurance coverages competitive with banking products which are insured by FDIC. The industry was also asked to draft a new notice regarding guaranty fund coverage which will better explain the coverage to consumers.
- NIPR will start to process licenses in “real time” initially in some states and eventually in all states. This will reduce the processing time from 24 – 48 hours to 2 minutes.
- NIPR will use its “warehouse” to allow producers to fulfill their obligations to notify all states of an administrative or criminal action taken against the producer in a one-stop process avoiding the necessity of filing in multiple states.
- The outreach calls to insurance departments by the Producer Licensing Coalition (in which NAIFA played a significant role) has resulted in many changes to state regulations and laws creating greater uniformity in producer licensing.
- Bill Anderson serves as vice president of the NIPR Board and is instrumental in making decisions that affect NAIFA members and the producer community.

These issues and others are discussed below in more detail.

National Insurance Producer Registry (NIPR):

- NIPR Board of Directors met and approved a Model Bulletin to provide states with guidance regarding use of the NAIC/NIPR Attachments Warehouse for electronic filing of producer licensing documents. This will allow producers to fulfill their statutory requirement of notifying all states in which they are licensed of any administrative, criminal or civil actions taken against them by one filing with NIPR instead of having to file with multiple states.
- NAIC and NIPR announced a partnership that streamlines the licensing process using new instantaneous capabilities. This new process is available in SBS states and will reduce the time that a producer can receive licenses, appointments and address change requests from 24 hours to 2 minutes. SBS states currently are AL, DE, FL, IL, IA, KS, MO, NH, NJ, NC, ND, PR, RI, TN, DC.

- NIPR released its 2008 Annual Report highlighting the year's achievements including the success of the Address Change Request, price reductions, and the introduction of the Attachments Warehouse. When MA and WA come on in 2009, NIPR will be able to process non-resident licenses in all 51 jurisdictions – a significant landmark.

Interstate Insurance Product Regulation Commission (IIPRC):

- The Compact adopted three new uniform standards for annuity and life insurance benefit features having now adopted more than 50 uniform standards in two years
- The number of companies registering this year has already exceeded total registrations for 2008
- Mississippi is expected to be the next new member as its legislature recently passed the Compact. Four other states have pending legislation.

Capital and Surplus Relief Working Group:

- Adopted a Work Plan for the 9 Recommendations before the Working Group and will monitor their progress
- Considered the current system of permitted practices
- Considered any necessary changes to the NAIC process to accommodate emergency items – perhaps a stress test procedure to be implemented in times of economic downturn
- See [GovTalk \(February 1, 2009\)](#) for more background

Annuity Disclosure Working Group:

- Discussed revisions to the Annuity Disclosure Model Regulation Related to Scope – Broaden the scope to all annuities and exempt annuities regulated by FINRA
- Discussed the ban on advertising guaranty fund coverage during the sale of annuities and directed the industry to draft a proposed revision to the current language in the model to provide better information regarding guaranty funds to consumers
- Discussed the Annuity Illustration Guidelines developed by the ACLI with further discussion planned for interim conference calls and the June NAIC meeting

Suitability of Annuity Sales Working Group:

- Discussed proposed revisions to the Suitability of Annuity Transactions Model Regulation and addressed, without conclusions, the following major issues:
 - Should the Model prohibit an insurer from issuing an annuity recommended to a consumer unless the annuity is suitable for the consumer based on suitability information provided at the time of sale?
 - Should the Model limit an insurer's obligation to monitor registered security representatives' sales of annuities that a FINRA broker dealer is supervising under FINRA standards?
 - Should the Model retain the requirement that insurers verify that producers take ethics and suitability continuing education?
 - Should the Model require an insurer to take steps to ensure that producers are trained on each offered product?
 - Should the Model allow an insurer to contract with a party other than a FINRA broker dealer, such as an IMO, to perform core supervision compliance functions?

- The Working Group will request an interim meeting and 8 hours at the NAIC June meeting to continue its discussion on the revisions to the Model.

Rating Agency Working Group:

- The Working Group is charged to conduct a comprehensive evaluation on the reliance on rating agencies by the NAIC, the insurance industry and the insurance marketplace and determine the feasibility of NAIC establishing its own rating agency
- The Working Group established a process to proceed:
 - Contact representatives of the rating agencies to learn more about how they operate
 - Prepare a questionnaire
 - Hold a series of hearings on the issue
- Make a final report to the NAIC

Guaranty Association Model Act:

- NAIC Executive Committee and Plenary approved changes to the Guaranty Association Model Act which increase the limits on annuities to \$250,000 and to \$300,000 on long term care insurance in order to make insurance products more competitive with products of banks which are insured by the FDIC to \$250,000.

Producer Licensing Issues:

- Producer Licensing Groups reorganized and streamlined
 - Producer Licensing Task Force created which oversees the Producer Licensing Working Group, NARAB Working Group and coordinates with NAIC/Industry Producer Licensing Coalition and NIPR Board of Directors
 - Task Force consists of 13 states
 - NARAB WG – 8 states
 - Coalition – 11 states, 13 trades (including NAIFA)
 - PLWG – 17 states
- Task Force Mission
 - Develop and implement uniform standards
 - Monitor and respond to developments related to licensing reciprocity
 - Coordinate with industry and consumer groups regarding priorities for licensing reform
 - Coordinate and consult with NIPR Board of Directors to develop and implement uniform producer licensing initiatives
- NAIC released a Progress Report on Producer Licensing State Assessments
 - Overview of Producer Licensing Coalition and its recent regulator/industry team outreach efforts
 - 42 states assessed regarding support needed to achieve remaining producer licensing reforms
 - NAIFA and NAIFA state associations actively involved
 - Positive results – states are implementing changes based in feedback from outreach efforts
- Producer licensing remains a critical strategic initiative of the NAIC in 2009

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Treasury Secretary Geithner Testifies Before House Panel

As reported in a [March 26 GovWatch](#), last week Treasury Secretary Geithner testified before the House Financial Services Committee (Chairman Frank, D-MA) to lay out the Administration's blueprint for overhauling the financial system. During his testimony, he also announced the Administration's draft legislation to grant the Federal Deposit Insurance Corporation (FDIC) resolution authority over a broad range of "financial companies," including insurance holding companies.

For more information on insurance regulatory reform, please visit www.naifa.org/irr.

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NAIC Expresses Support for Treasury's Resolution Authority Proposals

The National Association of Insurance Commissioners (NAIC) released a statement on March 26 stating that they are encouraged by statements made by Treasury Secretary Timothy Geithner outlining the Treasury Department's framework for regulatory reform. New Hampshire Insurance Commissioner and NAIC President Roger Sevigny said that the Treasury plan, "will maintain the important role that state regulators play in supervising insurance companies." In his statement, Sevigny acknowledged that federal regulators play a vital role in resolution authority for financial institutions, but federal regulation should not supplant current state regulation, but rather work in tandem with state insurance regulators.

Read the complete statement released by the NAIC [here](#).

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Senate's Key Tax Writer Proposes Permanent Extension of Estate Tax Rules and Popular Tax Breaks

On March 26, Senate Finance Committee chairman Senator Max Baucus (D-MT) introduced S.722, a bill that, if adopted by Congress, would permanently reform the estate tax. S.722 sets the top estate tax rate at 45 percent and includes a \$3.5 million (indexed for inflation) per person exemption from the estate tax. It would also reunify the federal estate and gift tax regimes.

Key Provisions of S.722:

The bill proposes making permanent popular tax benefits enacted during the Bush Administration that are set to expire, including:

- **Marginal rates:** S. 722 makes permanent all but the top two marginal income tax rates. The top two rates would be allowed to revert in 2011 to their 2001 levels--35 and 39.6 percent.

- **Capital Gains:** The bill would make permanent the current 15 percent rate on long-term capital gains and dividends for all but high income taxpayers. The Baucus bill makes the 15 percent capital gains rate permanent for those in the 28 percent (and lower) tax brackets. So, using the 2008 tax bracket numbers as an example, singles with taxable income of less than \$164,550, and married people filing joint returns earning \$200,300 or less, would qualify for the 15 percent capital gains rate. (Note: tax brackets are indexed and so the income level at which people move into higher tax brackets is subject to change.) Tax payers earning amounts above those in the 28 percent (and lower) tax brackets would be subject to a 20 percent capital gains rate if and when (likely in 2011) Congress allows the current 15 percent rate, which is scheduled to end at the end of 2010, to expire.
- **Child Tax Credit:** It would create a permanent \$1000 per child tax credit
- **Marriage Penalty:** It would make permanent the “marriage penalty” relief first put into the law in 2001. The “marriage penalty” is the higher tax liability that results when two working spouses’ incomes are combined, resulting in many cases in a higher tax liability than if those incomes were taxed separately.
- **AMT Indexing:** It would index the alternative minimum tax (AMT) for inflation.
- **Child Care-Adoption Tax Credits:** It would make permanent childcare and adoption tax credits and the more generous earned income tax credit for families with three or more children.

Missing from S.722 are expiring tax provisions of keen interest to businesses such as the higher threshold for small business expensing or the exception for active financing under Subpart F. Also left out is a provision that would allow current year losses to be carried back further than two years to offset income tax liability during any of the five previous profitable tax years.

Timing for action on S.722 Unclear:

Most of the bill’s provisions—including the estate tax rules—are needed prior to end of 2009. The estate tax, for example, if left unchanged, would result in total repeal of both the estate tax and step up in basis rules for 2010, and then an automatic reinstatement of the estate tax and step up in basis rules that were applicable in 2001. At 2001 levels, the personal exemption would be \$1 million and the top tax rate would be 55 percent.

Agreement Lacking on Estate Tax:

While there is general agreement in both the House and Senate that the estate tax issue must be addressed this year, there is no such agreement on how to address it. Consensus seems to be growing around simply freezing the estate tax rules in place this year (a \$3.5 million exemption and a 45 percent top rate)—but some lawmakers want to increase the exemption and/or lower the top rate further. Others want special rules for closely-held businesses, farms and ranches. Some want to combine the estate tax issue with systemic tax reform; others would be content to simply address the estate tax and/or the other “extenders.” Thus, considerable debate on the issue is expected as this year progresses.

Cost of Estate Tax Reform:

If Congress were to enact the proposal offered by Sen. Baucus or a similar proposal offered by President Obama, considerable cost implications for federal government tax revenue would arise in what tax policymakers call the “out years.” [Click here to read a “thought piece” on possible implications for life insurance trusts.](#)

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Beaver State Members Dam Legislation

NAIFA-Oregon members were instrumental in derailing a bill to tax the inside buildup of life insurance and annuities and the death benefit on life insurance (H.B. 2854).

With little more than 48 hours notice, eight NAIFA-Oregon members scrambled to Salem to testify against the bill. At the March 19th House Revenue Committee hearing, these members delivered such a powerful message about the harmful effects of the bill, that afterwards, the bill's own sponsor said he would vote against the bill if it ever reached the floor.

NAIFA's Coalition partners ACLI, GAMA, AALU and NAILBA were plugged in throughout the roller coaster ride. The Coalition sent a joint letter to the Chairman of the Revenue Committee thanking him for allowing so many NAIFA members to testify. Prior to that, the Coalition sent a letter to the Chair and the House Speaker expressing concerns about this adverse piece of legislation. The Coalition also issued a Press Release.

Bottom line: NAIFA-Oregon members came out in force to attend the hearing and were a major factor in shelving this dangerous legislation. Unfortunately, H.B. 2854 is still "alive" (there is no way to withdraw a bill in the Oregon House of Representatives once it has been introduced) until the end of the legislative session. So, NAIFA-Oregon members will keep a vigilant eye on the legislature to make sure the bill doesn't rise from the dead.

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Obama Tax Reform Panel Takes Shape

On March 25, Peter Orszag, Director of the Office of Management and Budget (OMB), announced the formation of an Obama Administration tax reform advisory board. The board will report back to the President by December 4 with recommendations for simplifying the tax code, Mr. Orszag indicated. The advisory board will also recommend ways to reform the corporate tax structure and to reduce tax evasion, both in the United States and internationally.

Director Orszag revealed President Obama had imposed only two rules on the task force's work: the President has ruled out tax increases in 2009 or in 2010, and tax increases on families earning less than \$250,000 annually.

The task force will look specifically at what Washington tax policy experts call the "tax gap"—the difference between overall taxes owed under current law and overall taxes paid. While the task force was not given a revenue target to hit (i.e. no "rule" that a recommended tax structure raise more, the same, or less revenue than the current tax code), it may find it possible to increase revenue over current levels if it found ways to close the tax gap, Orszag said. He also said the board would be tasked with examining "ways of unifying, streamlining, and making more consistent the various credits" that are in the current tax code.

President Obama has not yet formally appointed members of the task force. But Orszag indicated former Federal Reserve Board Chairman Paul Volcker will lead the task force, with White House economic advisor Austan Goolsbee serving as its chief of staff. Orszag said Volcker will choose task force members, the most likely candidates being former President Clinton's chief economic advisor Laura Tyson, TIAA-CREF CEO Roger Ferguson, former SEC chairman Bill Donaldson and Harvard economist and chair of the Council of Economic Advisors in the Reagan Administration, Martin Feldstein.

It is understood that the tax reform panel will formally be a subcommittee of the President's 16-member Economic Recovery Advisory Board ("PERAB") created by President Obama in February and chaired by Mr. Volcker. The above individuals identified by Budget Director Orszag as likely task force members are all members of PERAB. The members of the task force will formally be named by PERAB rather than by President Obama, and the task force will make its report to PERAB.

NAIFA members will recall that President George W. Bush formed a task force to recommend a tax reform plan. That task force's recommendations hit a buzz saw in Congress almost from the moment they were released. The Bush tax reform panel proposals included recommendations to cap overall tax-favored savings, including life insurance and annuity cash values; and limit the tax-free nature of employer-provided health insurance. Tax advantages accorded to employer-provided benefits were also scaled way back by the Bush tax reform group's recommendations.

With a December 4 reporting date for the new Administration tax reform task force, it is likely a systemic tax reform proposal will not emerge until 2010. However, with both the House and Senate tax-writing committee technical staffs also working on systemic tax reform plans, it is just as likely several competing proposals will emerge early in 2010.

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Reps. DeFazio and Taylor Introduce Legislation to Repeal the Insurance Industry's Antitrust Exemption

On March 18, Representatives Peter DeFazio (D-OR) and Gene Taylor (D-MS) introduced legislation, H.R.1583, which would undermine state insurance regulatory authority by repealing the anti-trust exemption of the McCarran-Ferguson Act -- thereby placing the insurance business under the investigative authority of the Federal Trade Commission and the Department of Justice. Since the insurance industry is state regulated, any investigations conducted by the FTC and DOJ would be done in a vacuum absent the regulatory expertise of the states.

According to a joint statement issued by the Congressmen, "this legislation is particularly important in light of the abuses by American Insurance Group (AIG), operating as if they were above the law. In fact, the current insurance exemption from antitrust laws gave AIG a free pass to become "too big to fail," and now the U.S. taxpayers are on the hook to bail them out or risk even further turmoil in an already fragile economy." This legislation would close that exemption.

Background:

State governments have been the primary regulators of all aspects of the insurance business from the industry's earliest days. Basing primary regulation with state governments was reaffirmed when Congress enacted the McCarran-Ferguson Act in 1945. By declaring the states as the primary regulator, McCarran also exempts insurers from federal anti-trust laws and leaves to the regulator the power to ensure industry competition.

H.R. 1583 would amend the McCarran-Ferguson Act in such a way as to grant the FTC and the DOJ authority to enforce federal anti-trust laws against the insurance industry -- a function that is typically performed by the industry regulator, who has the expertise and the global understanding of the industry necessary to ensure that regulation and enforcement work together, ultimately, for the protection of the consumer. For this reason, no other regulated sector of the financial services marketplace is subject to FTC and DOJ oversight.

The segment of the industry likely to be most immediately affected by this change to McCarran are the small to medium sized property-casualty insurance companies, which now are permitted to share loss data without fear of federal anti-trust laws—although, like all insurers, they are subject to state anti-trust laws and regulations. It's likely that smaller and medium size companies would be hard-pressed to replace loss data that is now made available by sharing such information with each other.

As for the life insurance industry, companies do not share data in the same way that many property/casualty companies do. Therefore, the anti-trust repeal provisions of H.R. 1583 may not have the impact that it would on the property/casualty side of the industry. On the other hand, the FTC has a history of heavy handed intervention in some matters involving life insurance. NAIFA expects that if H.R. 1583 were adopted, life and health insurance practices would come under close FTC scrutiny as it did before Congress intervened in 1980.

NAIFA Position:

H.R. 1583 comes at a time when the Administration and Congress are considering a comprehensive regulatory overhaul of all U.S. financial institutions, including insurance. NAIFA has been a staunch defender of the McCarran-Ferguson Act since its enactment in 1945. For NAIFA, the McCarran-Ferguson Act is the bedrock of the state insurance regulatory system. NAIFA believes that amending the McCarran-Ferguson Act should only be considered in conjunction with proposals to create an [optional federal charter \(OFC\)](#) or other federally involved regulatory system for the life insurance industry. Amending the McCarran-Ferguson Act should not take place in a vacuum.

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NAIFA Outside Consultants Present Thought Piece on Implications for Life Insurance Trust in Estate Tax Reform

The article in this issue of GovTalk on introduction last week of S. 722 by Sen. Max Baucus, Chair of the Senate Committee on Finance, lays out the framework for possible compromise legislation to “reform” the estate tax laws effective in 2010 and beyond. Doing so will not be without cost to the federal government in terms of tax revenue.

Mississippi Becomes Latest Member of Interstate Insurance Product Regulation Compact

Mississippi became the newest member of the Interstate Insurance Product Regulation Commission (the compact) on March 17, 2008. By signing Mississippi Senate Bill 2841 into law, Governor Haley Barbour made Mississippi the 34th member of the compact. NAIFA – Mississippi supported the passage of this legislation and was actively involved in the process.

“I thank the legislators and governors for passing this important compact, which protects Mississippi consumers,” said MS Insurance Commissioner Mike Chaney. “The compact legislation is important for modernization of the product filing review and approval process for Mississippi companies and consumers.

The Interstate Compact aims to improve the speed-to-market conditions for life insurance, annuity, disability income and long-term care products through the use of one regulatory body to review new insurance products. The ability to obtain approval from a single source for the sale of insurance products in multiple states gives insurers a more efficient and uniform product approval process than the multistate product review system. Faster product review benefits consumers and NAIFA members by making new protection products available sooner.

NAIFA has been a strong supporter of the Interstate Compact since helping the National Association of Insurance Commissioners (NAIC) draft the model Compact law in 2002. This support continues today as NAIFA, and its health insurance conference AHIA, are the only groups representing the agent community on the Compact Commission’s Industry Advisory Committee. NAIFA state associations across the country have also been critical proponents of Compact legislation as it’s introduced in state houses across the country. The Compact became operational in 2006 and began accepting its first product filings in 2007.

Mississippi is the first state to pass compact legislation in 2009, but it is expected that several other states will advance legislation this year. NAIFA will continue to follow any developments and will keep members informed.

To learn more about the Interstate Compact and NAIFA’s involvement, please visit [here](#).

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NAIFA Members Lead St. Patrick’s Day Parade on Capitol Hill

On March 17, 180 National Leadership Conference attendees marched on Capitol Hill to meet with their U.S. Senators, Representatives and congressional staff to discuss NAIFA’s legislative concerns.

High-level meetings occurred with the Chair of the Senate Democratic Policy Committee, the Senate Minority Leader and the Senate Ranking Member on the Finance Committee. During the 200+ appointments NAIFA state leaders made the case for agent/advisor involvement in policy making on health care, regulatory and tax reform.

Prior to sending everyone to the Hill, NAIFA's Government Relations staff and outside counsel conducted a breakfast briefing to prepare the "constituent lobbyists" and review the contents of the "leave-behind" packets. NAIFA President-Elect Tom Currey concluded by giving everyone their charges and best wishes for fruitful meetings. As the Day on the Hill participants returned, several were interviewed regarding their meetings. Based on the Reports on Congressional Visits (the debriefing forms), the appointments were productive and the participants were pleased they had the opportunity to educate their lawmakers on insurance and financial services industry matters. (And the business card jackets were a big hit too.)

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StateChat Helps State Associations Share Vital Information

NAIFA members across the country continue to lead their state associations' efforts to be actively involved in state legislative and regulatory issues of interest and concern to the membership. The National Government Relations team assists its state leaders by providing analysis of legislation and regulatory proposals, assisting in the development of strategies to support or oppose specific proposals, helping in the formation of coalitions, and providing a broader national perspective on the topics in question.

To further assist the state associations, the government relations team is expanding the State Legislative Intelligence Network (SLIN) originally created by AHIA-NAIFA Health & Employee Benefits to address the health issues. This expanded strategic program allows states to share and advance ideas, research, and policy solutions to help each other with state legislative challenges. SLIN stimulates dialogue and develops a workable exchange of intelligence on state insurance issues through the network.

SLIN has an online presence as the new StateChat blog at www.naifa.typepad.com/statechat.

Taking advantage of StateChat is as easy as 1, 2, 3.

Step 1: State association leadership simply sends an email to NAIFA at statechat@naifa.org. Please clearly state the insurance issue of concern.

Step 2: National Headquarters will facilitate getting the message to other state leaders by posting the question on the StateChat blog at www.naifa.typepad.com/statechat

Step 3: State leaders will respond directly to the inquiring association and, if they would like to share their experience with a wider audience, post their comments on the [StateChat](#) blog. To comment on an article or question posted on [StateChat](#), click on the "Comments" link listed under every article, then complete the online comment form.

Associations will provide the status of the initiative in their state, convincing arguments used to sway legislators, unexpected questions, coalition partners, as well as effective and ineffective strategies.

As the bridge to intelligence sharing, we are certain that the network will position the state associations as the strongest advocates on behalf of the interests of insurance advisors in the state legislatures and with state insurance departments.

NAIFA Staff Contact: [Jen Piantedosi](#), Legislative Assistant – Government Relations, at (703) 770-8153; or for technical assistance, contact [Vicky Dobbins](#) at (703) 770-8113.

Look What People Are Saying:

“When I read the updates from NAIFA I realize just how my dues create my money’s worth. Keep fighting for our industry – which eventually includes the hard working citizens of the United States – and keep me informed!” NAIFA Member Steve Caldara

Did You Know...?

Did You know that 75 million American families (nearly 70% of households) depend on life insurance industry products to protect their financial and retirement security?