



NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS

# Insurance Regulatory Reform and Modernization

## BACKGROUND ON NAIFA'S POSITION

- ▲ In September 2002 NAIFA adopted an insurance regulatory reform policy to consider good-faith initiatives, state or federal, that would help agents better serve the public.
- ▲ NAIFA supports insurance regulatory reform and modernization that helps American families and businesses achieve financial security. Such proposals should promote consumer protection, streamline agent licensing, improve product speed-to-market and strengthen the competitiveness of the insurance industry.
- ▲ In April 2008 the NAIFA Board of Trustees decided to recommend to NAIFA's National Council, for its consideration and approval, that NAIFA support a dual-track approach to insurance regulatory reform. The first track is to continue to support improvements to state-based regulation. The second track is to conditionally support the concept of an optional federal charter (OFC) for insurance.
- ▲ In May 2008 the NAIFA Board announced three major themes for NAIFA's recommended support of the concept of an OFC: 1) True Agent Choice; 2) Enhanced Consumer Protections; and 3) Single Federal Voice & Preserve State Regulation.
- ▲ Beyond the themes, the NAIFA Policy Formation Subcommittee and Board established a set of principles that are important to achieving the three overarching themes. The complete list of NAIFA's Themes & Conditions for Support of the Concept of An Optional Federal Charter for Insurance is available at: <http://www.naifa.org/advocacy/irr/documents/themesandconditions.pdf>
- ▲ On September 10, 2008, in a nearly unanimous vote, the NAIFA National Council ratified the Board's recommendation to conditionally support the concept of an OFC.
- ▲ Prior to the vote, NAIFA implemented an Education and Information Campaign to inform our members about the complex issues that led to the Board's recommendation and the National Council's decision. Please visit [www.naifa.org/advocacy/irr](http://www.naifa.org/advocacy/irr) for more information.

## NAIFA'S COMMITMENT TO STATE-BASED REGULATION

- ▲ NAIFA is firmly committed to supporting and improving state-based insurance regulation.
- ▲ NAIFA is working with state commissioners on the NAIC's major reform initiative: the Interstate Compact. The Compact establishes a single point-of-filing for product review to improve speed-to-market conditions for life insurance, annuity, disability income and long-term care products.
- ▲ NAIFA and AHIA serve as the agent representatives to the Interstate Compact Commission's Insurance Industry Advisory Committee.
- ▲ NAIFA state associations have lobbied for the enactment of the Interstate Compact in their respective states. The Interstate Compact was initially adopted by the NAIC in 2003. Since that time, the Compact has been enacted in 33 states and is pending in several others.
- ▲ NAIFA also works hard to help the NAIC and the National Insurance Producer Registry (NIPR) modernize the agent licensing system.
- ▲ NAIFA and its state associations help state regulators and legislators develop laws and regulations aimed at improving the insurance marketplace for agents and the clients they serve.

## NAIFA'S POSITION ON FEDERAL INITIATIVES

- ▲ The regulation of insurance is an important matter to consumers as well as producers, and deserves the attention it has received in Congress.
- ▲ NAIFA conditionally supports the concept of an optional federal charter for insurance, but will only support specific legislation that satisfies the themes and conditions of our support.
- ▲ Because NAIFA recognizes that there is a fundamental lack of understanding at the federal level regarding issues that impact agents and the industry on a national and international scale, NAIFA supports legislation to create a federal office of insurance information.
- ▲ The *Insurance Information Act of 2008* was introduced in the U.S. House of Representatives in April 2008. The bill, which NAIFA has endorsed, would create an office with insurance expertise which is empowered to gather and disseminate insurance information to Congress and federal agencies.
- ▲ Because NAIFA supports efforts to streamline agent licensing requirements so that the rules do not vary from state-to-state, NAIFA has endorsed federal legislation known as the *National Association of Registered Agents and Brokers Reform Act of 2008* — or “NARAB II”.
- ▲ NARAB II would establish a licensing clearinghouse known as the National Association of Registered Agents and Brokers. The legislation would streamline the non-resident agent licensing process at the state level but would not create a federal regulator for insurance.

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