

NAIFA-Iowa LEGISLATIVE MATRIX

Summary of Legislative Issues for NAIFA - Iowa - 2008 Session of the Iowa General Assembly

(Current as of 11/08/2007)



State Legislative Issues:

ISSUE	NAIFA- Iowa POSITION	IMPACT ON PUBLICS SERVED
A Competitive Health Insurance Environment	In an effort to reduce the number of uninsureds and allow Iowa to continue providing a competitive private health insurance market for small employers in the State of Iowa, NAIFA- Iowa supports initiatives that explore options to assist small employer groups in the purchase of group health insurance.	<i>Due to regulatory burden placed on small employer group health insurance these initiatives could assist in insuring more Iowans in the small employer market. In addition they may allow assistance for existing employers to be able to continue private group health insurance for employees.</i>
Health Insurance / Long Term Care	NAIFA- Iowa continues to support and will initiate action to enact state legislation which provides for "above the line" deductibility and/or tax credits for all health insurance, including individual, group, and long term care plan premiums, as has been done for HSAs.	<i>Health insurance and long-term care premiums may be prohibitive for many due to inflationary trends. Because of the vital role this coverage plays in our society, favorable tax policy may assist in reducing the net outlay for both individuals and employers and will increase the opportunity to purchase such policies. To do otherwise would represent an inappropriate tax.</i>
Third-party Payor Liability	NAIFA- Iowa is opposed to legislation providing that a third-party payor has the duty to exercise ordinary care when making health care treatment decisions and is liable for damages for harm to an insured or enrollee proximately caused by its failure to exercise such ordinary care.	<i>This legislation would attempt to transfer responsibility and potential liability to third-party payors and insurance agents who in fact, do not have the ability or authority to impact health care treatment decisions.</i>
Tort Reform	NAIFA- Iowa reaffirms its support of legislation to limit non-economic damages that can be recovered due to a liability suit or judgment.	<i>While Iowa has initiated and approved a number of measures designed to reform the tort liability laws in Iowa, the failure to provide a cap on amounts that can be recovered through a liability suit or judgment results in frivolous suits being filed, high insurance costs, limited insurance availability and the imposition of unfair non-economic damages.</i>

Tax on Inside Build-up	NAIFA- Iowa opposes any legislation to tax the inside build-up in life insurance policies and annuity contracts.	<i>One of the primary objectives of life insurance and annuities is to help citizens establish and maintain their financial independence. Taxing the inside buildup of life insurance and annuities will result in fewer people purchasing those products and there would eventually be more people dependent on the state and federal programs such as social security and welfare.</i>
Commission Disclosure	NAIFA- Iowa opposes laws or regulations which require commission disclosure.	<i>The fact that compensation is received should, and is, currently disclosed. The contractual specifics of that compensation should not be a part of the process.</i>
Mandated Health Insurance Benefits	NAIFA- Iowa reaffirms its opposition to legislation that would provide additional mandated health insurance benefits. NAIFA- Iowa will develop a game plan to educate our legislators and members on this issue.	<i>Mandated health insurance benefits have increased the cost of health insurance in an environment where the costs are continually increasing because of other factors. In addition, many people do not have health insurance because of the costs resulting from mandated benefits and the state and national efforts to find health insurance for the uninsured cannot be accomplished unless mandated benefits are limited. Mandated benefits are avoided by many businesses which self-insure. State regulation is not available in relation to self-insured businesses because of the federal preemption.</i>
Fair Marketing Rules	NAIFA- Iowa supports fair marketing rules and will promote legislation and/or regulation requiring any individual, organization or institutions selling insurance and insurance-related products and services to meet the requirements established by the Department of Insurance in the state in which such products and services are sold.	<i>As new avenues open into the insurance market, such as the Internet, it is important that all participants are playing by the same rules.</i>
Reciprocity Between States	NAIFA- Iowa supports reciprocity between states.	<i>Regulations are in the best interest of consumers when designed and enforced locally. Without reciprocity the federal government may be encouraged to establish a federal agency which is a concern.</i>

Anti-Rebate Law	NAIFA- Iowa reaffirms its support of the anti-rebate law.	<i>Maintaining the anti-rebate law is in the best interest of consumers. It is recommended that the NAIFA- Iowa Board maintain and enhance a contingency fund for legislation, regulation and legal activities. A contingency fund for these activities is necessary in an environment where the insurance industry is constantly under attack within the legislative, executive and judicial levels of government.</i>
Deferred Compensation Plans for State, County and Local Government Employees	NAIFA- Iowa will support legislation and/or regulation which will insure continued access by NAIFA- Iowa members and their companies in marketing investment products to state, county and local government employees for deferred compensation purposes.	<i>To maintain a competitive environment, it is important to allow government employees in Iowa greater access to financial service professionals and a choice of deferred comp plans.</i>
529 College Savings Plans	NAIFA- Iowa continues to support the tax-exemption of all approved Section 529 plans.	<i>To maintain a competitive environment, it's important to allow Iowa citizens to have a choice in college savings plans that provide parity with in-state plans offered.</i>
NAIC Accreditation for the Iowa Insurance Division	NAIFA- Iowa will initiate action by members to communicate to their legislators, the need for general fund appropriations sufficient to insure effective regulation of the industry and continued accreditation by the NAIC, of the Iowa Insurance Department.	<i>If Iowa is to retain and expand its role as the leading insurance state in the nation, it must have strict and fair regulatory authority within the Division of Insurance. Proper funding will assure Iowa citizens that the growth of the insurance industry will continue and that the citizens of Iowa can purchase insurance which is in their best interest.</i>
Private Cause of Action	NAIFA-Iowa opposes legislation allowing private cause of action.	<i>This legislation could create a very unfavorable environment for agents to run insurance and investment practices in the state of Iowa, since no proof of wrongdoing would be required for legal proceedings to be initiated. This will have a financial cost to the industry further increasing the costs to the client.</i>
Comparable Benefits between the FDIC insured accounts and accounts protected by the Iowa Life and Health Guarantee Association	NAIFA Iowa will promote legislative action to equalize benefits between the two different protection agencies.	<i>Iowa residents should be protected for equal amounts regardless if the product is from the insurance or banking industry.</i>

State Regulatory Issues:

ISSUE	NAIFA- Iowa POSITION	IMPACT ON PUBLICS SERVED
Continuing Education Credit for NAIFA- Iowa membership	NAIFA- Iowa encourages acknowledgement of the ethical benefit to membership in our Association.	<i>NAIFA- Iowa members represent fewer complaints for regulatory concerns and that contribution to a positive industry environment in the state of Iowa warrants two continuing education credits per annum.</i>
Chapter 23 Efforts	NAIFA- Iowa will participate in any Chapter 23 efforts directed at government-run college savings plans.	<i>Several business groups in Iowa are pushing legislators to eliminate creeping government competition by revisiting Iowa Code Chapter 23. Chapter 23 sets out specific activities that may not be conducted in competition with the private sector. NAIFA- Iowa endorses the broader efforts of these business groups and wants to include specific language that would end the State Treasurer's activities with college savings funds in Iowa.</i>
Streamlined Underwriting Processes	NAIFA- Iowa supports the use of standardized verbiage on group medical applications that meets HIPA compliance. We also encourage improved underwriting techniques to facilitate securing competitive group health quotes.	<i>Standardized verbiage and improved underwriting techniques would greatly reduce the paperwork burden and costs to employees and employers.</i>
Continuing Education Requirement for LTC Insurance	NAIFA-Iowa supports the adoption of specific continuing education requirement to allow the sale of LTC Insurance in Iowa as long as it counts towards the current three year CE requirement.	<i>This requirement should better equip advisors to work with clients on this ever increasingly important planning product. As advisors are better prepared to help clients, clients should be able to make better more informed decisions regarding long term care planning.</i>
Non-licensed individuals (e.g. Paramed examiners) obtaining signatures and/or premiums for insurance applications	NAIFA-Iowa requests stringent enforcement of current regulations which prohibit unlicensed individuals (e.g. Paramed examiners) from accepting insurance premiums and/or client signatures.	<i>Non-licensed individuals (e.g. Paramed examiners) are not insurance agents and therefore not qualified to conduct insurance sales.</i>

In addition to NAIFA's published stance on federal issues, we support the following five federal issues.

Federal Legislative Issues:

ISSUE	NAIFA- Iowa POSITION	IMPACT ON PUBLICS SERVED
Health Insurance / Long Term Care	NAIFA- Iowa supports any federal legislation which provides for deductibility and/or tax credit of group or individual health insurance and especially long-term care plan premiums.	<i>Health insurance and long-term care premiums may be prohibitive for many due to inflationary trends. Because of the vital role this coverage plays in our society; favorable tax policy may assist in reducing the net outlay for both individuals and employers. To do otherwise would represent an inappropriate tax.</i>
Tax on Inside Build-up	NAIFA- Iowa opposes any legislation to tax the inside build-up in life insurance policies and annuity contracts.	<i>One of the primary objectives of life insurance and annuities is to help citizens establish and maintain their financial independence. Taxing the inside buildup of life insurance and annuities will result in fewer people purchasing those products and there would eventually be more people dependent on the state and federal programs such as social security and welfare.</i>
Tax on Death Benefits	NAIFA- Iowa opposes any legislation to tax death benefits.	<i>It is important to have fiscally sound, sustainable estate tax regulation that removes the estate tax burden for 99.6 percent of Americans.</i>
McCarran-Ferguson Act	NAIFA- Iowa opposes any efforts to repeal the McCarran-Ferguson Act.	<i>Local regulations properly conducted are in the best interest of consumers and the industry. Repeal of the McCarran-Ferguson Act will affect the ability of smaller companies to exist in the market place and will provide a dual level of regulation which will be extremely expensive and inefficient.</i>
National Health Insurance	In lieu of implementing national health insurance and/or socialized medicine, NAIFA- Iowa supports a more thoughtful approach to providing health insurance to all people. This would involve a joint effort between federal, state and the private sector in providing health insurance at a reasonable cost for all people.	<i>Simply mandating health insurance coverage by employers may cause many small employers to go out of business. Only through cooperative efforts can rising health care costs be curtailed and insurance be available to all. A lack of a competitive environment would be a detriment to all.</i>
Insurable Interest	NAIFA- Iowa opposes non-natural ownership of a life insurance policy for investment purpose which constitutes a lack of insurable interest.	<i>Congress may perceive such transactions as outside the public interest and repeal some (or all) of the tax benefits currently granted life insurance and annuities.</i>

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Federal Regulatory Issue:

ISSUE	NAIFA- Iowa POSITION	IMPACT ON PUBLICS SERVED
Indexed Annuities	NAIFA- Iowa supports appropriate sales of indexed annuities as a non-security product.	<i>We oppose the SEC or NASD regulating the sales or marketing of indexed annuities.</i>