



Building Financial Security for All

PROTECTING PRODUCERS' INDEPENDENT STATUS

NAIFA | Since 1890

NAIFA members are dedicated financial professionals helping American individuals, families, and businesses build financial security and protect their dreams.

With members in every state and every congressional district, we are passionate about doing what is right and advocating for financial security for all.

Recently, the traditional independent contractor model utilized by independent financial professionals has been challenged on federal and state levels by efforts to **redefine who is considered an employee**. Some initiatives are focused on the expansion of unionization for independent contractors while others would modify independent contractor status under other employment or tax laws by adopting an "ABC" test to define who is an "employee." Given the rigidity of this test, it could result in the reclassification of independent insurance and financial professionals as employees.

In Congress, federal legislators have once again introduced the Protecting the Right to Organize Act (PRO Act). In the House, the PRO Act continues to sit in Committee, while the Senate has passed the bill out of committee and awaits a floor vote. Using an "ABC" test to determine who is an independent contractor, the PRO Act would **cause significant industry disruption** that would affect consumers' access to insurance, investment, and retirement security solutions. Allowing insurance and financial services producers to retain the option to operate under an independent contractor status is vital to the industry.

The Department of Labor (DOL) has also recently proposed a new worker classification rule. Without clarity, changes to the current federal independent contractor standard could be unnecessarily detrimental to the insurance industry. In a comment letter to DOL in December 2022, the U.S. Small Business Administration's Office of Advocacy stated that "DOL's proposed rule may be **detrimental and disruptive to millions of small businesses** that rely upon independent contractors as part of their workforce." Any regulatory action that redefines the relationship shared between insurance producers, independent broker-dealers, and independent financial advisors with the insurance industry would have wide-sweeping negative effects.

NATIONAL ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS

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Advocacy

WE HELP ACHIEVE THE AMERICAN DREAM

Any proposal to redefine independent contractors should exempt insurance and financial professionals from laws or regulations that include an ABC test or similar methods to determine whether a worker is classified as a contractor or employee.

NAIFA members are professionals who generally operate their own small businesses, and they oppose attempts to reclassify them as employees.

95%

of NAIFA members operate as independent contractors and want to remain so.



Oppose the PRO Act or any similar legislation that does not include proper exemption of the insurance and financial services industries.



Send a congressional letter to regulators at the DOL **to properly consider the importance** of the independent business model in the insurance industry.



Support the current independent contractor relationship to ensure consumers have the greatest **access to products, services, and advice.**

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