



2021 - 2022 SESSION

# State of Advocacy

A YEAR IN REVIEW & A LOOK FORWARD

PREPARED AND PRESENTED BY  
NAIFA GOVERNMENT RELATIONS



Advocacy 

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# Message from the President

## STATE. INTERSTATE. FEDERAL.

When it comes to political advocacy and protecting the interests of its members, NAIFA ROCKS! NAIFA maintains a comprehensive and powerful government relations program, with a history of legislative and regulatory accomplishments across the country. And while we expect continued success in 2023, it will present challenges as well.

Your government relations professionals represent the interests of NAIFA members before our legislators and regulators in Washington, D.C., and all 50 states. NAIFA contributes to interstate organizations like the National Association of Insurance Commissioners (NAIC) and the National Conference of Insurance Legislators (NCOIL), helping to formulate favorable models before the proposals are introduced in the states.

Our professional lobbying effort is strengthened by both our industry-leading political action committee, IFAPAC, and our grassroots network of members who have developed relationships with members of Congress, state legislators, and insurance commissioners.

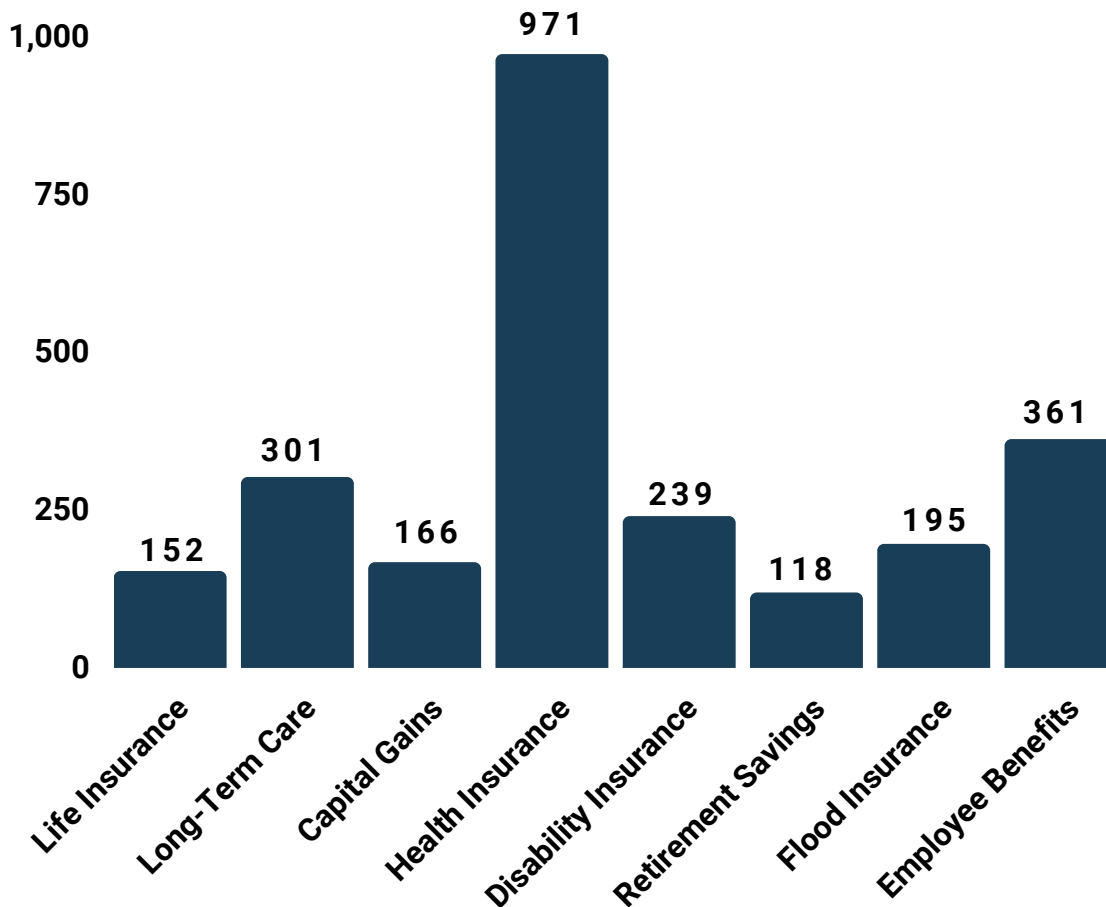
We have a long and proud record of working with various party combinations to enact laws that benefit insurance and financial advisors as well as the clients we serve. Through our advocacy efforts, NAIFA will continue the successful representation of the advisors we are proud to call members of NAIFA to meet the challenges of 2023.

***Bryon Holz, Brandon, FL  
NAIFA 2023 President***

# NAIFA Impact

FEDERAL ADVOCACY

## INDUSTRY-RELATED BILLS FILED DURING 117TH CONGRESS



With over 2,000 industry-related bills introduced in the 117th Congress, NAIFA Federal Government Relations professionals have been hard at work representing the needs of NAIFA members before Congress.





# NAIFA Impact

STATE ADVOCACY

**557** **BILLS TRACKED**

**35+** **REPORTED TESTIMONIES  
AT THE STATE LEVEL**

**42K** **MENTIONS OF  
#NAIFAPROUD**



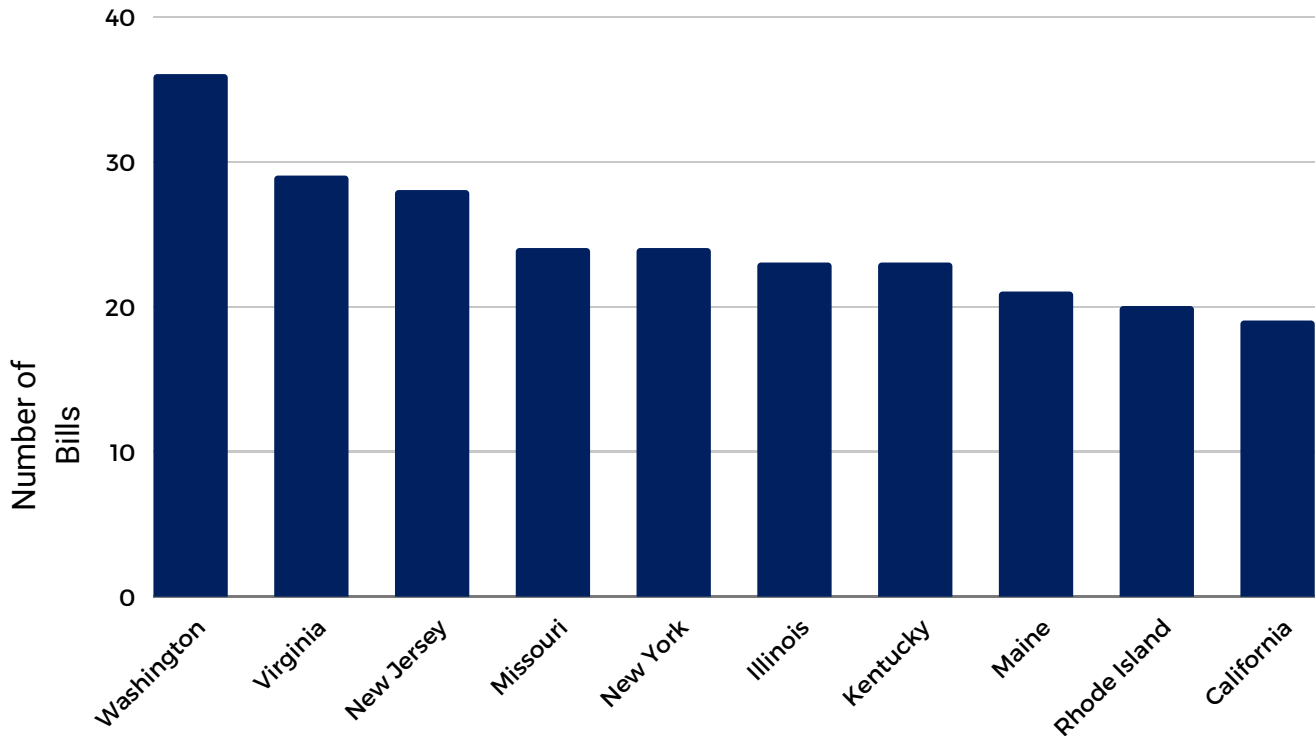
NAIFA's Government Relations team closely monitors legislation and regulation proposals for all state chapters and assists with advocacy, policy, and grassroots coordination efforts.

In 2022, there was no shortage of activity. NAIFA members ensured their voices were being heard and that the integrity of their profession was maintained.

# Legislative Trends

## TOP STATES

These states filed the highest volume of industry-related bills.



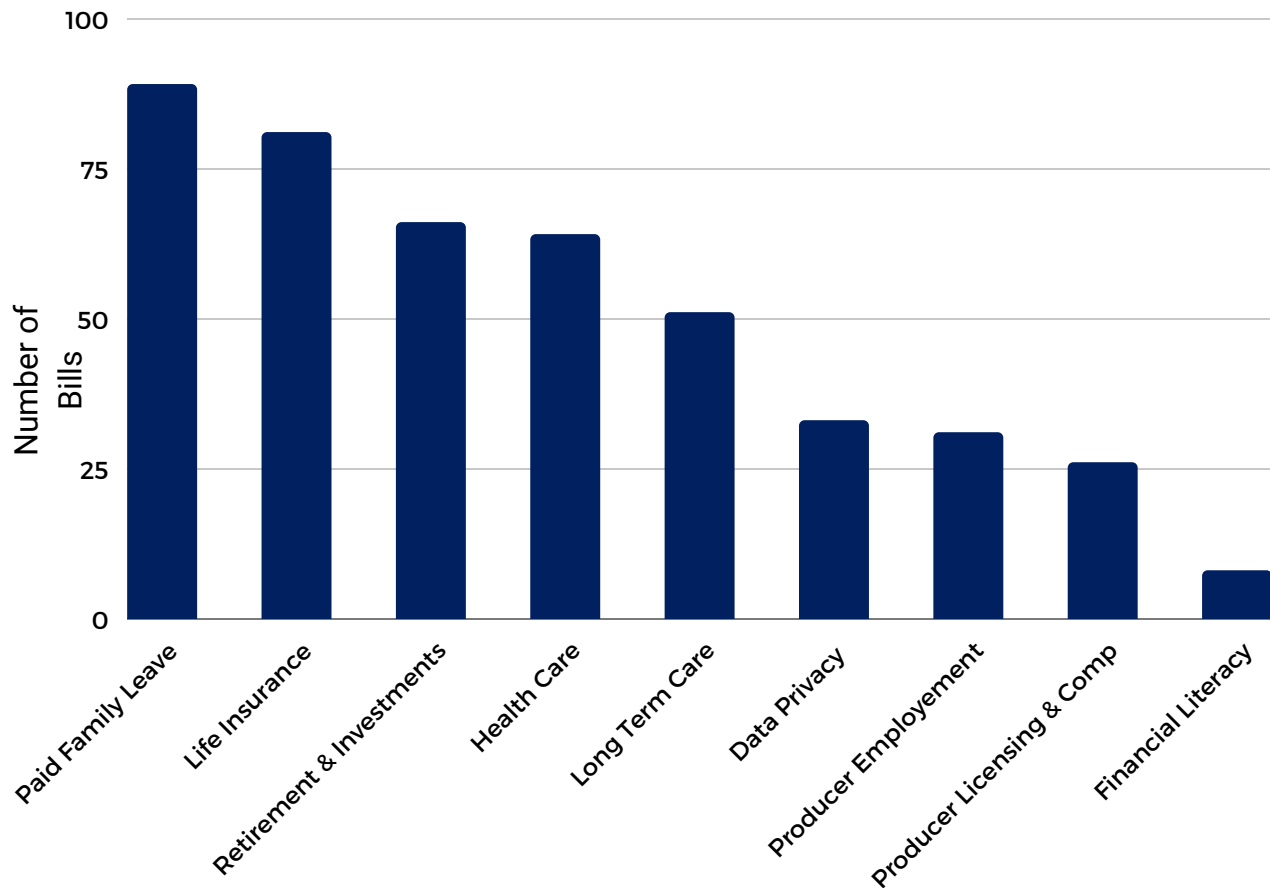
## Highlights

- The Washington State Legislature filed and passed legislation postponing the implementation of WA Cares for 18 months. The program is set to go live in July 2023. However, there remains the possibility of further postponement.
- Rhode Island introduced legislation creating a new definition for the term "employee" and a Secure Choice proposal. Both initiatives were held for further study.
- Illinois became the 13th state to allow continuing education (CE) credit for membership in a professional insurance trade association.
- The California General Assembly, with support from the Insurance Commissioner, set forth a single-payer health care coverage system. The bill ultimately failed to move forward.

# Top Issues

## STATE LEGISLATIVE TRENDS

These issues saw the highest volume of filed state legislation.



## Highlights

- With Paid Family Medical Leave (PFML) at a standstill on the federal level, states began to introduce related legislation and expand on current PFML provisions.
- As WA Cares dominated the long-term care (LTC) conversation, California and Pennsylvania introduced proposals that mirrored WA Cares. Both proposals did not move forward.
- Several states introduced proposals for state-funded Secure Choice Auto-IRA plans, as well as multiple-employer plans. The proposals were all held for future study or did not advance in the legislative process.



# Grassroots

A LOOK BACK AT 2022

78

FSA BADGE  
HOLDERS

482

CAPITOL HILL  
MEETINGS

2,456

LETTERS SENT  
TO LAWMAKERS

NAIFA's integrated grassroots advocacy program includes state and federal advocacy. It is the largest and most comprehensive program in the industry. The critical element in our track record of success remains and will always be our member participation through grassroots engagement.

NAIFA's Financial Security Advocate (FSA) course is available free of charge to NAIFA members. It teaches advocates to develop relationships with elected and appointed officials and discuss topics and legislation pertinent to financial services that may affect consumers.





# Grassroots

BOOTS ON THE GROUND

169

IN DISTRICT  
MEETINGS

The main reason for the efficacy of NAIFA's grassroots advocacy program is relationship building. Our members meet with both state and federal lawmakers throughout the year to discuss issues important to our industry. These meetings take place on Capitol Hill, at state Capitol buildings, and in the lawmakers' districts. This non-stop advocacy approach allows our members to build substantive relationships with elected officials as well as their staff, making our members the trusted advisor when legislation is proposed that could impact the insurance and financial services sectors.

Coming out of COVID, we wanted to show the true strength of NAIFA grassroots during the August federal recess. The *August In-District Challenge* provided a fun way for our state chapters to compete with each other while sticking to the NAIFA Mission: advocating for Main Street. Over **350** of our members had meetings with federal officials across the U.S., totaling 169 visits. The exciting part about this challenge was that our members held these meetings in numerous ways: In-person, at fundraisers, over Zoom, and at local campaign events.

# IFAPAC in 2022

YOUR BUSINESS PROTECTION INSURANCE

**\$1.7M**

**RAISED**

**3,500**

**CONTRIBUTORS**

**18%**

**MEMBER  
PARTICIPATION**



The Insurance and Financial Advisors Political Action Committee (IFAPAC) allows contributors to combine their financial support for candidates who understand and support our industry across all 50 states and at the federal level.

In 2022, IFAPAC exceeded its dollar goal and raised \$1.7 million from 3,500 contributors, a member participation rate of 18%.

## Top 2022 PAC Contributions by State

1. Texas	\$137,193.84
2. Iowa	\$130,183.43
3. Florida	\$122,911.62
4. California	\$116,924.84
5. Illinois	\$107,779.67

## States with the Most 2022 PAC Contributors

1. Florida	277
2. Texas	221
3. California	215
4. Iowa	188
5. Georgia	176

# NAIFAPAC in 2022

YOUR BUSINESS PROTECTION INSURANCE



The NAIFA Political Action Committee (NAIFAPAC) is the federal component of IFAPAC. NAIFAPAC contributes only to candidates running for federal office and national political parties. The Candidate Selection Group, composed of ten NAIFA members appointed by the NAIFA Executive Committee, determines the candidates to whom NAIFAPAC will contribute.

The cost of the average campaign to be a member of the U.S. House of Representatives is about \$5 million. In the 2022 election cycle, and with the prudent candidate choices made by the Candidate Selection Group, NAIFA members contributed over \$1.5 million to 242 candidates, resulting in a 94% success rate – proof that NAIFAPAC funds were spent wisely on races that impact our industry.

## Top 2022 Insurance PACs

1. CIABPAC	\$2.3 Million
2. NYLPAC	\$1.4 Million
3. NAIFAPAC	\$1.3 Million
4. BigIPAC	\$1.2 Million
5. AFLAC PAC	\$1.1 Million

# A LOOK AHEAD

## NAIFA ADVOCACY IN 2023

The passion NAIFA members have for advocacy is unparalleled. NAIFA Government Relations has mapped a blueprint of policy priorities for the coming year.

NAIFA Government Relations administered a survey of NAIFA state chapters to get an outlook for proposals to come in 2023. The following sections break down the survey results. NAIFA will use this data to continue monitoring national trends, preparing and updating policy briefs, and coordinating advocacy efforts in 2023.

NAIFA looks forward to continuing to work closely with state chapters to ensure a thriving industry for Main Street insurance agents and financial advisors.

TOGETHER  
WE CAN TAKE ON  
ANYTHING



## Thank You for Participating!

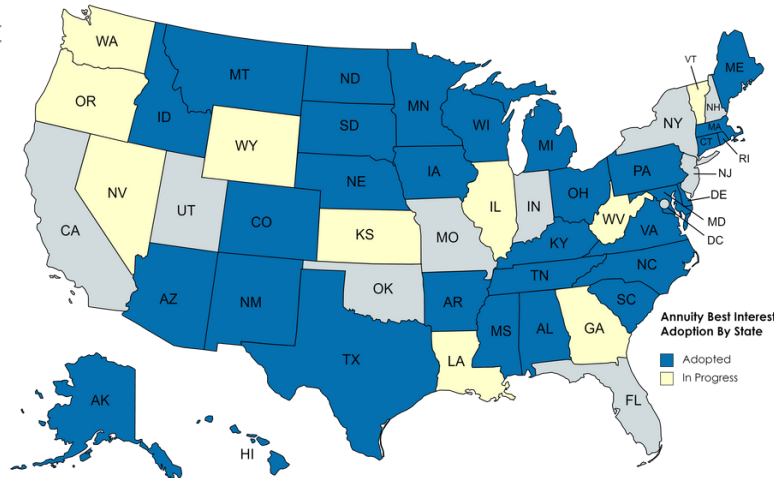
ALABAMA	KANSAS	NORTH DAKOTA
ALASKA	LOUISIANA	OHIO
ARIZONA	MAINE	OKLAHOMA
ARKANSAS	MARYLAND	OREGON
CALIFORNIA	MASSACHUSETTS	PENNSYLVANIA
COLORADO	MICHIGAN	RHODE ISLAND
CONNECTICUT	MINNESOTA	SOUTH CAROLINA
DELAWARE	MISSOURI	SOUTH DAKOTA
FLORIDA	MISSISSIPPI	TENNESSEE
GEORGIA	MONTANA	TEXAS
HAWAII	NEBRASKA	UTAH
IDAHO	NEVADA	VERMONT
ILLINOIS	NEW HAMPSHIRE	VIRGINIA
INDIANA	NEW JERSEY	WASHINGTON
IOWA	NEW MEXICO	WEST VIRGINIA
KENTUCKY	NEW YORK	WISCONSIN
	NORTH CAROLINA	WYOMING



NAIFA advocacy is working to ensure state laws and regulations do not adversely impact advisors, their clients, or other consumers.

## Annuity Best Interest Standard

- Almost half the states that have not adopted the NAIC Suitability in Annuity Transactions Model anticipate a proposal to come during the next legislative session.
- To date, 31 states have adopted the NAIC Model. There are 10 current active proposals.
- In 2022, 11 states adopted the NAIC Model.



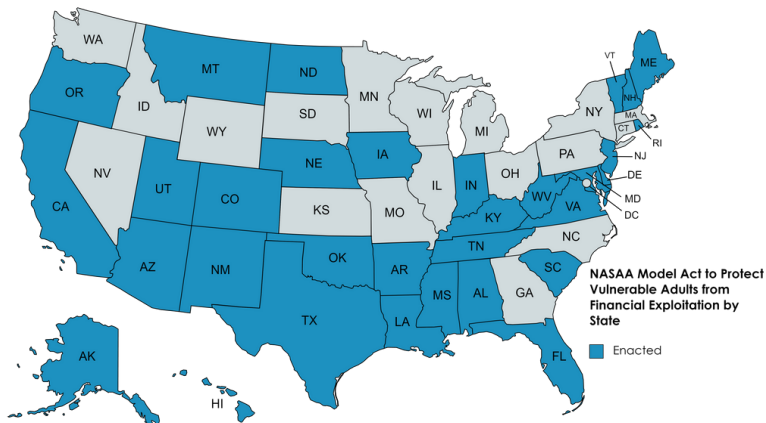
## Fiduciary Standard of Care

**20%** of Chapters reported they are likely to see proposals attempting to impose a fiduciary standard of care for agents.

- In November 2022, the U.S. Department of Labor (DOL) announced its adoption of amendments to the regulation setting out retirement plan fiduciary duties of prudence and loyalty under the Employee Retirement Income Security Act of 1974 (ERISA) as they relate to investment selection and management.

## Senior Financial Protection

- 32 states have enacted the (NASAA) Senior Model Act, which requires reporting suspected financial exploitation of a senior client to state authorities.
- 65% of the remaining states reported it is "**extremely likely**" or "**somewhat likely**" that a proposal to adopt will be introduced.

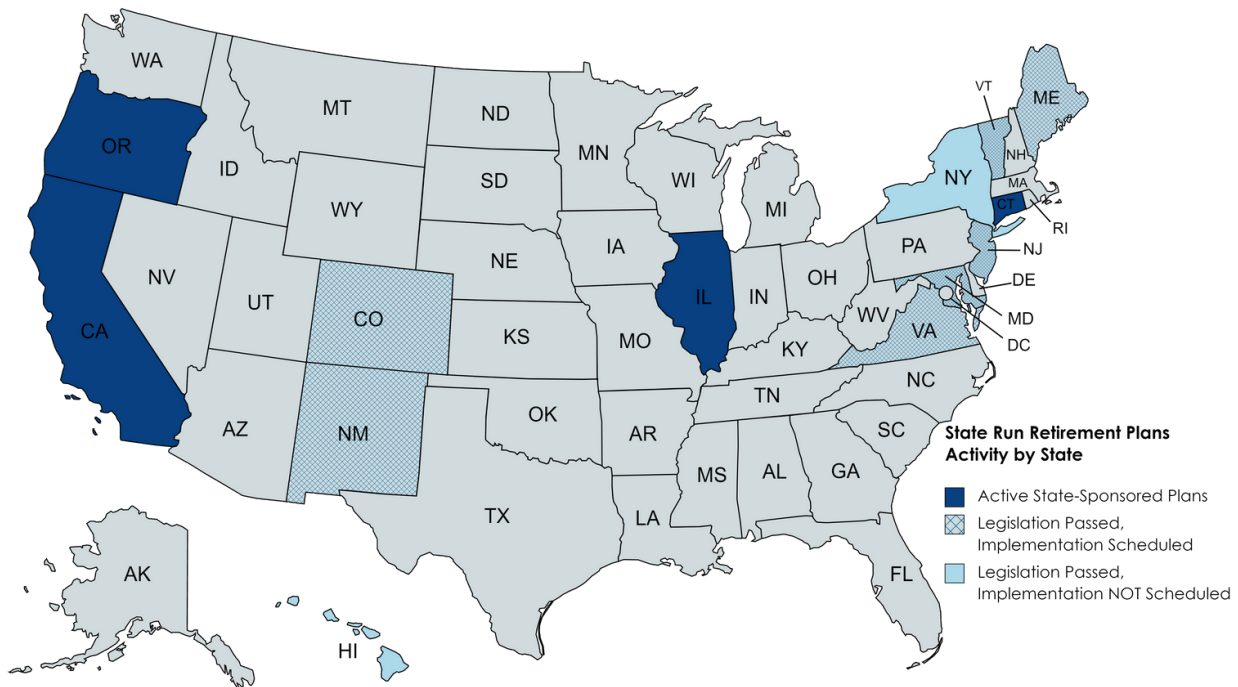


# State-Sponsored Retirement

State lawmakers continue to consider legislation that would establish state-run individual retirement savings programs for private-sector workers and require certain employers to auto-enroll their employees in these plans. These plans would directly compete with existing private market programs that already offer consumers a robust variety of retirement options and could provide a disincentive for employers to offer plans.

**41%** of Chapters reported that a state-run retirement proposal is "extremely unlikely" or "somewhat unlikely."

**33%** of Chapters reported the likelihood of a state-run retirement plan proposal is "extremely likely" or "somewhat likely."



There are significant constraints to the savings that autoenrollment savings plans can achieve when provided to workers in industries with low wages, volatile wages, and high turnover.

NAIFA encourages lawmakers to focus on private sector alternative plans (MEPs, SIMPLE IRAs, etc.), which are now easier for employers to adopt.

MEPs will have all the benefits, features, and provisions of more traditional retirement plans, but with significant relief to the employers' costs, administrative duties, and fiduciary duties.

## Producer Licensing

**48%** of Chapters reported they are likely to see proposals related to producer licensing, such as eliminating pre-licensing mandates.

- NARAB board member nominations have been made by the NAIC and relevant industry trades. Board members will need to move through a congressional approval process. NAIFA continues to work towards a NARAB implementation.
- NAIFA collaborated with industry partners to release a Producer Licensing Workplan that aims to remove barriers preventing qualified individuals from becoming life insurance producers.

## Worker Classification

**39%** of Chapters reported they are likely to see proposals attempting to reclassify independent contractors.

- NAIFA monitored 34 worker classification bills in 2022 at the state level and the issue shows no signs of slowing down. Recent legislation varies from the typical ABC model we saw previously; with no strong theme or pattern, these bills can be challenging to monitor.
- In response to the U.S. DOL's proposed rule published in October 2022, NAIFA submitted a comment letter urging an exemption or carve-out for financial professionals in a proposed rule on employee or independent contractor classification under the Fair Labor Standards Act.

## CE for NAIFA Membership

**16%** of Chapters reported they are likely to see proposals allowing Continuing Education (CE) credits for insurance association membership.

- Illinois became the 13th state to offer Continuing Education (CE) credits for membership in a professional insurance association like NAIFA.
- Professional insurance associations, like NAIFA, promote high standards of ethical conduct among their members and provide educational programs and professional development opportunities to association members.

# Long-Term Care

The need for long-term care (LTC) and caregiving services is rising. At the same time, growing costs make access to care increasingly difficult. This puts many at financial risk on a personal level, and it's a risk for states as well. When people cannot afford care, they often rely on state-funded programs for support. Several state legislatures are considering action to establish public programs that offer long-term support and services. NAIFA will work to ensure that the private long-term care insurance (LTCI) market remains a strong part of serving consumers' LTCI needs.

## WA CARES

In 2019, Washington State Governor Jay Inslee signed WA Cares into law. The Long-Term Services & Support (LTSS) Trust Program was the first state-based LTC program of its kind. Washington State residents would see a \$0.58 payroll deduction per \$100.

In January 2022, the WA Legislature passed HB 1732 delaying the implementation of the LTSS Trust Program by 18 months. The Program is slated to go into effect July 2023.

NAIFA-WA provided supporting testimony for HB 1732. NAIFA does not want WA Cares to be repealed, but rather amended to include partnerships with private insurance companies.

## Likelihood of a State-Run LTC Proposal?

**47%** reported "unlikely"

**24%** reported "neutral"

## Likelihood of Expansion of State LTC Tax Credits & Incentives?

**35%** reported "unlikely"

**33%** reported "neutral"

**16%** reported "likely"

## State Legislative Working Group

The NAIFA and Limited and Extended Care Planning Center Legislative Working Group explores and recommends policy positions for NAIFA to pursue through its government affairs capabilities. NAIFA engages directly with state lawmakers and regulators and plays a significant role in shaping policy and serving as a resource for information.



# Financial Literacy

Financial Literacy is at the foundation of Financial Security for All.

## 33%

of Chapters reported they are likely to see proposals that standalone financial literacy courses be added to high school graduation requirements.

**9** states are beginning the implementation process.

**8** states have completed the implementation process.

In 2022, **Michigan, Florida, Georgia, and Kansas** passed measures to require public high school students to take a one-credit course in financial literacy before they graduate.

In today's modernized world, more young people are exploring entrepreneurship, particularly with online businesses (social media, e-commerce, etc.), thus establishing a bigger need to begin financial literacy education at the high school level.



**NEXT GEN PERSONAL FINANCE**

NAIFA is extremely excited to announce our new partnership with Next Gen Personal Finance (NGPF)! NGPF's mission is for every U.S. high school student to graduate having taken a one-semester course in personal finance by 2030. **17 states** have passed measures to implement a stand-alone financial literacy course in their curriculum.

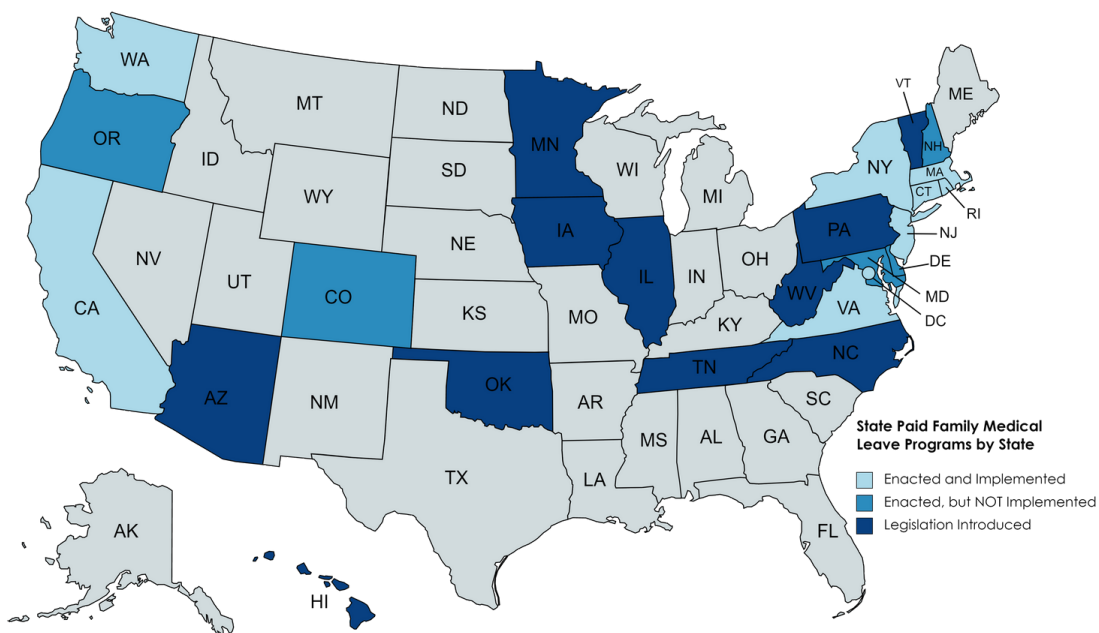
## 2023 Target States

New Jersey  
Oregon  
Pennsylvania  
Vermont  
West Virginia  
Wisconsin  
California  
Connecticut  
Idaho  
Illinois  
Indiana  
Maine

# Paid Family Medical Leave

Paid Family Medical Leave (PFML) is quickly gaining traction in the absence of federal action. Thirteen states and Washington, D.C., have enacted PFML laws. Most state programs provide parent/family caregiving leave and temporary disability insurance to cover paid personal medical leave. Some also use a social insurance policy design that funds these benefits through pooled payroll taxes on employees and/or employers. While NAIFA takes no position on the PFML itself, we work to ensure that any requirements can be met with private insurance.

**25%** of Chapters reported a PFML proposal is "extremely likely" or "somewhat likely."



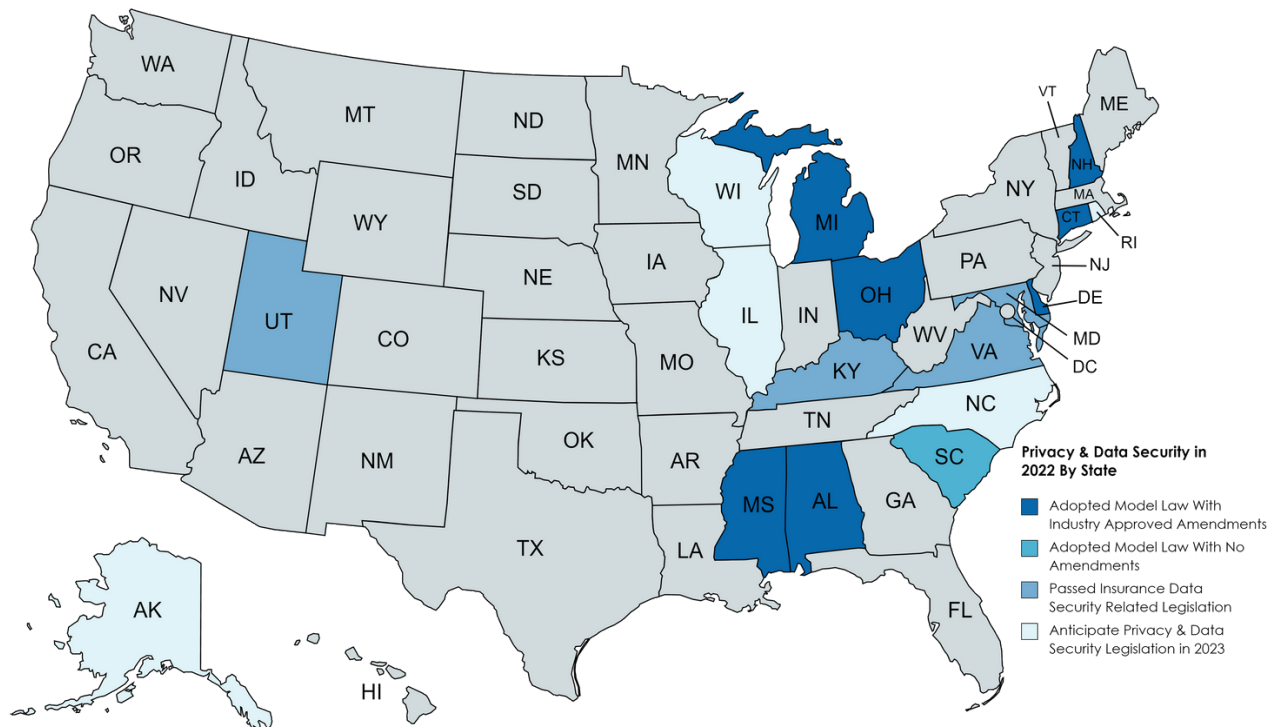
In late 2022, the National Council of Insurance Legislators (NCOIL) passed the Paid Family Leave (PFL) Insurance Model Act. This Model language serves as a blueprint for state legislatures to explore expanding access to PFML assistance using private insurance.

Virginia is among the first states to follow the NCOIL PFL Insurance Model Act to establish paid family leave as a form of private insurance that employers can voluntarily purchase for their employees.

# Privacy & Data Security

In 2017, the National Council of Insurance Commissioners (NAIC) adopted the Insurance Data Security Model Law. The Model sets out requirements for the protection of data in possession and for procedures to follow in the event of a cyber breach.

NAIFA and industry coalition partners have drafted several additional producer-specific suggested amendments that address issues of particular concern to the producer community, including exempting licensees with fewer than 25 employees from the Model’s requirements and deleting a provision requiring licensees to supervise their outside vendors’ compliance with the Model.



NAIFA supports reasonable requirements and regulations that provide meaningful consumer protections while not being overly burdensome to insurers and producers. Requirements for data security programs and notifications following a breach should be based on the likelihood of actual harm and be appropriate to the size and complexity of the licensee.

# Additional Issues to Watch

## INTRODUCED & ANTICIPATED STATE PROPOSALS

### Property & Casualty

- **Florida** Gov. Ron DeSantis signed into law a Property Insurance bill aimed at reducing insurance costs as well as largely prohibiting the assignment of benefits, setting a shorter time frame to claim payments or denials, providing an extra \$1 billion for the state's reinsurance program, and requiring people with policies through state-backed Citizens Property Insurance to purchase flood coverage.
- In **North Carolina**, a Drivers "Hands Free" Bill has been considered in the last two sessions of the General Assembly. It will be reintroduced and may pass in 2023.
- **North Dakota** anticipates uninsured motorist legislation being a priority during the 2023 session.

### Medicare Marketing

- With the adoption of the Center of Medicare or Medicaid Services (CMS) Final Rule, **Massachusetts, Illinois, Ohio, South Dakota, Alabama, Michigan, Vermont, and Maine** are anticipating proposals that could build on the Final Rule.
- Fourteen states reported on the NAIFA 2023 State Issues Survey that the likelihood of a state proposal is "**neither likely or unlikely.**"

### Taxation of Financial Services

- Taxing financial services can be a tempting way for lawmakers to raise revenue. Last year, NAIFA-KY successfully battled a 6% sales tax. With states coming down from COVID-cash highs, 2023 could see more movement in consumer-facing taxation.
- According to our survey, **63%** of chapters reported these proposals as "**extremely unlikely**" or "**somewhat unlikely**" to be introduced.
- Alaska, Connecticut, Indiana, Maine, Massachusetts, and Wisconsin indicated that such proposals are "**somewhat likely.**"



# 2022 State Wins

## INSURANCE & FINANCIAL PRODUCER REGULATION

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- Enacted Annuity Best Interest Model in 11 States, including **New Mexico, South Dakota, Maryland, Wisconsin, Minnesota, North Carolina, South Carolina, Colorado, Hawaii, Alaska, and Massachusetts.**
- **Rhode Island** - Defeated bill that would have redefined "employee."

## RETIREMENT & INVESTMENT

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- **Stopped Legislation** to enact state-sponsored retirement plans in five states: Arizona, Mississippi, Rhode Island, Kansas, and Missouri.
- **New Mexico** - Enacted a bill that allows many New Mexico retirees to receive their social security income under non-taxable status.
- **Kentucky** - Exempted financial planners and insurance producers from being subject to a new sales tax on their services

## PRODUCER LICENSING

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- **California** - Enacted fraud training into ethics training for CE & licensure.
- **Nevada** - Amended insurance license exam passing score to align with 45 states.
- **Louisiana** - Eliminated mandatory pre-licensing.
- **Illinois** - 13th State to allow CE credit for association membership
- **Tennessee** - Enacted revised background check rules for agent applicants with class E felonies.

## HEALTH INSURANCE REFORM

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- **Massachusetts** - Gov. Charlie Baker vetoed legislation that would have laid the groundwork for a single-payer healthcare system.
- **California** - Defeated legislation that would have established a single-payer healthcare system

## FINANCIAL LITERACY

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- **Michigan** - Enacted legislation making financial literacy a high school graduation requirement.

# 2022 Federal Wins

## REMOTE NOTARIZATION

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The U.S. House of Representatives passed H.R. 3963, the **SECURE Notarization Act**. The bill authorizes a notary public to notarize electronic records related to interstate commerce remotely, subject to specified procedures.

## RETIREMENT

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**SECURE 2.0** legislation was included in year-end funding legislation. The enactment of this legislation will simplify saving for retirement and incentivize employers to create and enroll employees in workplace retirement plans.

## RETIREMENT

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Congress included the **Registered Index-Linked Annuity (RILA) Act** in year-end wrap-up legislation. The act makes it easier for companies to provide investors with more options without reducing consumer protections.



# Partnerships & Collaborations

NAIFA is a member of broad industry coalitions with fellow trade associations advocating for the insurance profession. Our coalitions are proud to encompass the best and brightest to effectively collaborate, thus demonstrate a proven track record of legislative and regulatory wins for the industry.



TOGETHER  
WE CAN TAKE ON  
ANYTHING

# Government Relations Team

**Diane Boyle**

Senior Vice President,  
dboyle@naifa.org

**Cody Schoonover**

Government Relations Manager  
cschoonover@naifa.org

**Jayne Fitzgerald**

Director  
jfitzgerald@naifa.org

**Stephanie Sheridan**

Senior Political Director  
ssheridan@naifa.org

**Maeghan Gale**

Policy Director  
mgale@naifa.org

**Donna Singleton**

Executive Assistant  
dsingleton@naifa.org

**Mike Hedge**

Director  
mhedge@naifa.org

**Shanika Thomas**

PAC Coordinator  
sthamas@naifa.org

**Andrew Holt**

Grassroots Manager  
aholt@naifa.org

**Bianca Alonso Weiss**

State Government Relations Manager  
bweiss@naifa.org