

# **BIG “I” LEGISLATIVE CONFERENCE 2018 ISSUES**



## **Flood Insurance**

The Big “I” calls on Congress to extend the National Flood Insurance Program (NFIP) before it expires on July 31, 2018. It is critical that the program not expire during hurricane season. The Big “I” also supports a long-term reauthorization of a modernized NFIP that would increase take up rates for flood insurance, both in the NFIP and the private market. The Big “I” opposes cuts to the Write-Your-Own insurer reimbursement rate and agent commissions, which would only serve to harm the private-public partnership of the NFIP and limit the delivery mechanism for flood insurance hurting consumers. Compensation for the program is fair. Agents and insurers play an essential role in the sale and servicing of flood insurance and are a vital part of the consumer experience.

## **Crop Insurance**

Crop insurance is critical for the security of America’s economy and food supply. Crop insurance enables farmers to rebound quickly after disaster and is the only safety net available to all types and sizes of farmers in all regions. The Federal Crop Insurance Program (FCIP) is an example of a successful private-public partnership and independent agents play an important role in the sale and servicing of crop insurance under the FCIP. The Big “I” urges Congress to support the FCIP in the 2018 Farm Bill and beyond. The Big “I” further urges Congress to oppose any amendment to the Farm Bill, proposal or legislation that would increase the cost of crop insurance to farmers; reduce the number of farmers eligible for crop insurance and thereby destabilize the FCIP risk pool; or weaken the efficient and effective private sector delivery of crop insurance.

## **Tax Reform**

A key provision of the new tax law creates a 20% deduction on qualified business income for some businesses organized as pass-through entities. Two-thirds of Big “I” member agencies are organized as pass-throughs, and many will benefit from the deduction. However, questions over how the deduction will apply to some Big “I” members remain. At this time, it is unclear whether insurance agencies and brokerages will be considered a “specified service business” by the IRS even though Congress chose not to include “insurance” in the definition of “specified service business” in the new law. Some pass-throughs in this category are prohibited from utilizing the deduction based on the tax filer’s income. This disparate treatment provides new complexity and confusion in the tax code and creates an unlevel playing field for small businesses. As such, the Big “I” is seeking guidance from the Administration clarifying the application of the deduction to insurance agencies and brokerages. Congress should request that Treasury: (1) place a high priority on development of guidance to implement the pass-through provisions; and (2) confirm that insurance agencies and brokerages are not a “specified service business” under any implementing rules.

## **Insurance Regulatory Reform**

The Big “I” remains dedicated to a modernized state-based system of insurance regulation and is concerned that some federal and international regulatory efforts could lead to an erosion of state-based regulation. As such, the Big “I” supports significantly restricting or eliminating the Federal Insurance Office (FIO), including H.R. 3861 by Reps. Sean Duffy (R-WI) and Denny Heck (D-WA) to restrict the authority of the FIO and H.R. 4483 by Rep. Alex Mooney (R-WV) to eliminate the FIO. The association also supports legislative efforts to install stronger procedural “checks” for federal officials in international insurance negotiations. The Big “I” also urges Congress to support the appointment of a Board of Directors for the National Association of Registered Agents and Brokers (NARAB). NARAB was authorized by Congress in 2015, yet a Board has not been appointed by the President.

## **Health Care**

It is imperative that Congress protects the employer-sponsored healthcare system for the 177 million Americans who depend on it. As a result, the Big “I” supports full repeal of the “Cadillac tax” and supports S. 58/H.R. 173, the “Middle Class Health Benefits Tax Repeal Act,” by Sens. Dean Heller (R-NV) and Martin Heinrich (D-NM), and Reps. Mike Kelly (R-PA) and Joe Courtney (D-CT). This harmful tax will impact many Big “I” small business members and their clients starting in 2022. The Big “I” also supports legislation that would remove agent compensation as a “non-claims cost” under the medical loss ratio (MLR); regulations including S. 2303/H.R. 4575 the “Access to Independent Health Insurance Advisors Act” by Sens. Johnny Isakson (R-GA) and Chris Coons (D-DE) and Reps. Billy Long (R-MO) and Kurt Schrader (D-OR).

## **Cybersecurity**

In the wake of numerous data breaches, cybersecurity is becoming increasingly important to Big “I” members and their clients. If a nationwide uniform data breach and/or data security standard is created, it is vital it does not result in conflicting or varying standards at the state and federal level or on a state-by-state basis. Also, many Big “I” members are small businesses and as such any nationwide standards or requirements must be scalable, flexible and reasonable for all insurance agencies and brokerages no matter their size.

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*Founded in 1896, the Big “I” is the nation’s oldest and largest national association of independent insurance agents and brokers, representing a network of approximately a quarter of a million agents, brokers and their employees nationally. Its members are businesses that offer customers a choice of policies from a variety of insurance companies. Independent agents and brokers offer all lines of insurance—property, casualty, life, health, employee benefit plans and retirement products.*