



Legislative Report

September 2010

Successful 2010

NAIFA-California is pleased to report that we had a very successful year in the Legislature in 2010. Early in the spring, we managed to soundly defeat the anti-annuity bill, AB 2066 by Assemblyman Dave Jones. NAIFA-California strongly opposed this bill because if enacted, it would have created significant problems for our members who help to provide annuities to seniors.

AB 2066 proposed to do the following:

- Senior Checklist – as part of the sale of an annuity, requires a checklist that elicits critical data, including life expectancy of the senior, whether the senior has sufficient money outside of the annuity to meet unanticipated expenses and disclosure of the agent's commission.
- Improper Annuity Sales – established circumstance where the sale of an annuity to a senior is improper including the senior has a reverse mortgage, the senior would qualify for Medi-Cal, over 50% of the seniors assets are invested in annuities and the surrender penalty period of the annuity exceeds the senior's life expectancy.
- Surrender Penalties – requires compensation paid for selling an annuity to a senior to be spread over the surrender period and limits any surrender penalties from exceeding commissions paid to the agent.

Another success story of 2010 is the defeat of AB 989 by Assemblyman Marty Block, which would have allowed trial lawyers to sue insurance agents for violations of the Insurance Code. The lawsuits would have been in addition to any regulatory action taken by the Insurance Commissioner. After NAIFA-California representatives met with the author and members of the Assembly Insurance Committee, the author decided to not push the bill and to work with NAIFA-California in an effort to address his concerns by taking a different approach. Those discussions are still on-going.

Lastly, NAIFA-California was pleased to have sponsored AB 2717 by Assemblywoman Nancy Skinner in order to clean-up the Insurance Code sections dealing with the regulation and approval of senior designations. The Department of Insurance expressed concerns about some of the provisions in the Insurance Code and NAIFA-California offered to assist the DOI by sponsoring AB 2717 to clarify the law. AB 2717 is an example of how important it is to maintain solid working relationships with regulators, legislators and administration representatives so that when there is an issue that needs to be addressed folks can work together in a collaborative manner. AB 2717 is currently on the Governor's desk awaiting his signature.

SB 900 (Alquist) & AB 1602 (Perez) – on Governor's Desk

This year a few bills were introduced in effort to implement The Patient Protection and Affordable Care Act (PPACA). SB 900 by Senator Elaine Alquist, and AB 1602 by Speaker John Perez would create the Exchange that PPACA requires be established by 2014 for individual and small group markets. NAIFA-California, CAHU and IBA West worked together in an effort to protect the role of insurance agents and brokers in the distribution of products that would be available through the Exchange. Due largely to these efforts, the bills are silent on the roll of agents and brokers in the delivery process.

The creation and implementation of the PPACA has supercharged an already heated political environment. These are rough political waters. Now more than ever we benefit greatly from the strong working relationships we have developed over time with key elected officials. As we move forward, we must be very thoughtful and deliberate in our efforts. Our members should know NAIFA-California is positioned well to continue to effectively work with the Legislature and the new Administration to ensure that agents play an integral role in the distribution of health insurance inside and outside of the Exchange.

The Governor has until September 30 to sign or veto AB 900 and SB 1602.