



Legislative Update

July 2011

While it might appear to many that the California State Legislature and the Governor have been completely focused on passing a budget by July 1, Legislators have been able to multi-task, and thus have been very busy working on hundreds of bills that are moving their way through the legislative process. Because of this additional work, NAIFA-California's Government Relations Committee has continued to aggressively lobby legislation that would impact NAIFA-California's members. Our efforts have been very successful thus far, and below is a brief overview of a few of the most recent victories.

Long Term Care

AB 999 by Assemblywoman Yamada was strongly opposed by NAIFA-California because it would have imposed a five year ban on increasing rates on policies that were sold prior to 2002 when California's rate stabilization law was implemented, and a ten year ban on increasing rates for rate stabilized policies that were sold after 2002. If implemented, these proposed bans would undoubtedly result in overall higher premiums and/or larger increases after five or ten years, jeopardizing the financial plans of countless Californians.

Thanks in large part to the intense grassroots efforts by NAIFA-California members and the lobbying efforts in the Capitol, the author and sponsor decided to not move the bill forward this year. While the battle has been won for now, the issue will continue to be debated over the next few months and years. Thank you to all of you who assisted the lobbying effort with letters and phone calls. As always, it was a great team effort and it shows the strength in numbers we have..

Annuity Suitability Legislation

AB 689, authored by Assemblyman Blumenfield, and SB 715, by Senator Calderon, would create new annuity suitability standards for insurers and producers based primarily upon the National Association of Insurance Commissioner's (NAIC's) latest suitability model. Both bills are supported by NAIFA-California and the bills successfully passed out of their policy committees prior to the July 4th holiday. Thanks in large part to years of hard work by NAIFA and our sister organizations, the bills do not have any opposition, and it looks as though senior protections will finally be placed in statute, resulting in the marketplace NOT being overly burdened by unworkable standards.

Health Insurance

NAIFA-California, along with the other insurance agent trade associations with lobbyists in Sacramento, successfully removed commission disclosure and commission approval language from AB 1083 by Assemblymember Bill Monning. The bill is an effort to update code sections governing the sale of small group insurance products to conform state law to provisions in the federal Patient Protection and Affordable Care Act (PPACA). One main issue was language that was attempting to address a concern the author has with steering in the health insurance marketplace. The agent trade associations pointed out that anti-steering statutes are already in place and that the additional disclosure requirements would have created an unprecedented requirement. The final outcome was this language being removed from the bill.