



**WHERE
WE
STAND**
ON LEGISLATIVE ISSUES



Independent Insurance Agents
& Brokers of America, Inc.

2014

The Independent Insurance Agents & Brokers of America (IIABA), often referred to on Capitol Hill as the Big “I,” is a national alliance of approximately a quarter of a million individuals (business owners and their employees) who offer all types of insurance and financial services products.

Unlike company-employed or “captive” agents, Big “I” agents and brokers represent more than one insurance company which enables them to offer clients a wider choice of auto, home, business, life, health, employee benefit and retirement products. Independent agents and brokers offer a broad range of commercial and personal insurance products. In fact, independent agents and brokers are responsible for approximately 80% of the U.S. commercial lines market.

Big “I” agents and brokers not only advise clients about insurance, but they also recommend risk management ideas that can cut costs. If a loss occurs, the independent agent or broker stands with the consumer until the claim is settled and serves as a true consumer advocate.

The Big “I” was founded in 1896 as the National Association of Local Fire Insurance Agents. With the expansion of property-casualty business and coverages, the organization’s name was changed to the National Association of Insurance Agents in 1913. To emphasize its members’ ability to work with a variety of insurance companies, the organization then became the Independent Insurance Agents of America in 1975. The association’s name was most recently changed in 2002 to the Independent Insurance Agents & Brokers of America to reflect the diversity of its membership, which includes both independent insurance agents and brokers.

IIABA is a voluntary federation of state associations and local boards. Its independent insurance agents and brokers are politically astute and are involved both locally and nationally. They monitor and influence insurance agent and broker issues in Washington, D.C. through IIABA’s well-respected, professional staff on Capitol Hill. Their support has made IIABA’s political action committee, InsurPac, the largest property-casualty PAC and one of the largest federal trade association PACs in the nation.

Trusted Choice® is the national consumer brand created for independent insurance agents by the Big “I” and its insurance company partners.

Extensive consumer research conducted by the Big “I” found that the three most important attributes influencing consumers in their choice of a trusted insurance advisor are the value-added services that independent insurance agents and brokers offer their clients: choice of insurance companies, customization of policies and advocacy support.

A new campaign has been developed to continue to express these attributes through the use of bold imagery designed to capture the consumer’s attention and explain precisely what independent agents aren’t: captive. In fact, this recent brand refresh using the “Freedom Campaign” tested extremely well with consumers across the country. After seeing the ads, 86% of consumers said they liked the ads and 78% said they would be more likely to use Trusted Choice® independent insurance agents.

In addition to the national efforts in conveying the brand message and attributes to consumers via advertising and social media, the state matching grant and marketing reimbursement programs provide additional resources for Trusted Choice® independent agents to use these new branding materials in their marketing and advertising efforts as well.

Through national advertising and social media campaigns, public relations activities, local agency marketing and state affiliate marketing, Trusted Choice® is educating consumers and becoming the defining brand identity for agents and brokers nationwide.

TABLE OF CONTENTS

- 04** AGENT LICENSING REFORM
- 06** TERRORISM INSURANCE
- 08** TAX REFORM
- 10** INSURANCE REGULATION
- 13** HEALTH CARE
- 17** CROP INSURANCE
- 19** INSURPAC
- 20** GRASSROOTS
- 21** CAPITOL HILL STAFF LIST

BIG “I” POSITION: The Big “I” strongly supports legislation to streamline the nonresident licensing of agents and brokers to allow them to better serve insurance consumers. This legislation, H.R. 1155, was introduced in March 2013 by Insurance Subcommittee Chairman Randy Neugebauer (R-Texas) and Rep. David Scott (D-Ga.) in the House. The companion bill, S. 534, the “National Association of Registered Agents & Brokers Reform Act” (NARAB II), was introduced in April 2013 by Sens. Jon Tester (D-Mont.) and Mike Johanns (R-Neb.) in the Senate. The House passed H.R. 1155 by a 397–6 vote in July 2013. The Senate passed the legislation as part of a separate flood insurance bill in January 2014. The legislation has the support of the major insurance industry stakeholders and has been endorsed by the National Association of Insurance Commissioners (NAIC). NARAB II would increase consumer access to insurance markets and allow agents and brokers operating on a multi-state basis to avoid duplicative licensing requirements while maintaining important consumer protections.

BACKGROUND: The average multistate independent agency is authorized to operate in at least eight states, and it is not uncommon for small and medium-sized agencies to be licensed in 35-50 jurisdictions. According to the 2012 Agency Universe Study conducted by the Big “I,” more than 60% of independent insurance agencies have at least one full-time staffer whose job description includes establishing and maintaining licenses for the agency and its personnel. Insurance producers are operating and obtaining licenses in more jurisdictions than ever and the lack of true reciprocity makes compliance challenging, costly and presents additional burdens that are ultimately detrimental to insurance consumers.

This legislation would immediately establish NARAB as a private, non-profit entity managed by a board composed of eight state insurance regulators, as well as five marketplace representatives. NARAB would not have any federal regulatory power and would only utilize very limited preemption of state law. NARAB II only applies to marketplace entry, as day-to-day state insurance laws and regulations would not be affected. The legislation would permit producers in good standing in their home state to operate in additional states if they satisfy NARAB membership criteria. Producers could remain licensed in the

traditional manner and obtain nonresident licenses state by state or they could apply for NARAB membership for their nonresident licensing. For producers operating in multiple states, and those who would like to expand their operations, NARAB would effectively create one-stop producer licensing for additional licenses beyond the home state.

The NARAB II legislation is state-friendly and would not negatively impact state revenue, as agents and brokers would continue to pay the corresponding fees required by each state in which they operate. NARAB II would leave resident licensing for agents and brokers completely unchanged, and the proposal has received the endorsement of the National Association of Insurance Commissioners (NAIC).

NARAB II would provide higher and more consistent national consumer protection standards by establishing membership requirements. NARAB would require a national criminal background check, which is not required in many states, as part of its membership criteria and would coordinate with the states to establish a central clearinghouse for license issuance and renewal and collection of regulatory information on producer activities. The end result for consumers: increased competition among agents and brokers, more choices and improved access to insurance markets.

The Big “I” strongly supports this common-sense reform of agent licensing to reduce the administrative burdens faced by its tens of thousands of small business members.

BIG “I” POSITION: The current authorization for the Terrorism Risk Insurance Act (TRIA) program expires on Dec. 31, 2014. IIABA urges Congress to work toward enacting an extension of this program as soon as possible in order to continue protecting our country’s economic security against the threat of terrorism. As such, the Big “I” supports H.R. 508, the “TRIA Reauthorization Act of 2013,” by Reps. Michael Grimm (R-N.Y.) and Carolyn Maloney (D-N.Y.), which would provide a five-year reauthorization of this important program. As the legislative process moves forward in both chambers, IIABA looks forward to working with the committees of jurisdiction on their proposals to bolster the commercial property-casualty market for terrorism insurance.

BACKGROUND: The TRIA program was created on Nov. 26, 2002 in response to the Sept. 11, 2001 attacks and the ensuing inability of the commercial property-casualty insurance markets to underwrite the risk associated with terrorist attacks. The program is essentially structured as a federal reinsurance backstop to provide reinsurance to private insurers who in turn must offer terrorism coverage to businesses. Since its inception, the TRIA program has undergone two additional extensions in 2005 and 2007, along with modifications to cost-sharing mechanisms between the private sector and the federal government.

These cost-sharing mechanisms are designed to maximize the amount of private sector capital involved and minimize taxpayer exposure. First, an attack must total \$5 million in insured losses and be certified as a terrorist attack by the Secretary of the Treasury in order to count toward the cost-sharing thresholds in the program. Next, \$100 million in aggregate industry insured losses must be incurred within a program year before the TRIA program is triggered. If this \$100 million threshold is crossed, each insurance company would then owe a deductible equal to 20% of its commercial property-casualty premiums written. For some of the larger insurers, this deductible would amount to billions of dollars. Beyond these deductibles the private market would also be responsible for a 15% copayment, which would be owed up to the yearly program cap of \$100 billion. If industry-wide aggregate insured losses total less than \$27.5 billion, 133% of taxpayer dollars expended are required to be paid back over time to the federal

government through surcharges on commercial policies. If private industry losses exceed the \$27.5 billion threshold, recoupment of taxpayer dollars above this amount is at the discretion of the Secretary of the Treasury.

Although the ability of the private market to model part of the risk associated with terrorist attacks has somewhat improved since Sept. 11, 2001, the fundamental problems with insuring against this unique peril remain. Private insurers do not have access to the data and information to perform proper underwriting, since much of the information regarding planned or thwarted attacks is classified for national security reasons. In addition, since there have thankfully been few successful terrorist attacks, the information available to the industry regarding previous attacks is insufficient for the purposes of building reliable models. Lastly, unlike other risks such as natural disasters, previous terrorist attacks do not provide optimal data points for the underwriting process as terrorists seek to make their attacks as unpredictable as possible.

Since the initial passage of TRIA, the public-private partnership has worked well to stabilize the commercial insurance marketplace that underpins the U.S. economy. As the 2013 Boston Marathon bombing demonstrated, the threat of a terrorist attack is still present and the private market deficiencies in underwriting the unique risks associated with potential attacks still exist.

Accordingly, the Big “I” supports H.R. 508, the “TRIA Reauthorization Act of 2013,” by Reps. Michael Grimm (R-N.Y.) and Carolyn Maloney (D-N.Y.), which would provide a five-year extension of the TRIA program. This would ensure the continued availability of terrorism coverage for the small and large businesses that independent insurance agents and brokers serve.

BIG “I” POSITION: The Big “I” is generally encouraged by continued discussions of a broad tax code reform effort. If any such proposal moves through the legislative process this Congress, IIABA urges Congress and the Obama Administration to address individual rates along with corporate rates because many of IIABA’s small business members file individually as pass-through entities. Any efforts to create an imbalanced tax regime between individuals, small businesses and corporate entities, or to finance a reduction in rates for large corporations on the backs of small businesses will be strongly opposed by the IIABA. The Big “I” is concerned by the direction and precedential nature of portions of the draft bills penned by the tax-writing Committees this Congress.

BACKGROUND: The 113th Congress has seen a dramatic effort by the tax-writing Committees in the House and Senate to overhaul the tax code for the first time since 1986. House Ways & Means Committee Chairman Dave Camp (R-Mich.) and former Senate Finance Committee Chairman Max Baucus (D-Mont.) both released draft legislation to indicate their initial views on how the tax code should be rewritten. Chairman Camp’s draft does address both individual and corporate tax rates, but unfortunately does so in an uneven manner. The Senate Finance Committee draft addresses corporate tax rates only, therefore leaving the top rate for individuals and small businesses at 39.6%.

Tax Code Reform

The Big “I” supports efforts to overhaul the tax code with the goal of simplification and providing more certainty for individuals and small businesses. However, any tax code reform effort should address individual rates along with corporate rates. As with many small businesses throughout the country, the majority of IIABA member businesses are organized as Subchapter S Corporations, Partnerships or Sole Proprietorships and therefore file at individual rates. In addition to helping small businesses, comprehensively addressing individual and corporate tax rates would provide the level playing field needed for economic growth.

Regarding current proposals circulating in Congress, IIABA is troubled by the 10% surtax on higher income earners in the draft reform bill floated by Chairman Camp in February 2014. Although the proposal officially pegs the top rate

at 25% for individual filers the surtax essentially creates a third income tax bracket at 35%, while lowering rates for C Corporations to 25%. Furthermore, with the other reforms to various deductions, the effective tax rate for certain individuals and small businesses would be even higher than 35%. In addition, the Big “I” is concerned by the Senate Finance Committee’s tax code reform draft released in the fall of 2013 because it addresses only corporate rates and not individual rates. IIABA believes enactment of these policies would create an uneven playing field between small and large businesses, hurting job creators and encouraging gaming of the tax code to the detriment of the association’s membership.

ACA Small Business Tax Increases

In 2013, two new tax increases on certain individuals and small businesses took effect as part of the Affordable Care Act (ACA). A new 0.9% Medicare surtax was imposed on the wages of individuals and small businesses who pay at the individual rate and earn \$200,000 (\$250,000 for joint filers) or more. In addition, a new 3.8% tax on nonwage (investment) income for these same individuals and small businesses was also imposed. These income thresholds are not indexed to inflation, meaning the new taxes will capture more and more individuals and small businesses over time.

The Big “I” is alarmed at the potential impact of these tax increases since the majority of the association’s member businesses pay at individual rates. IIABA’s membership is comprised of thousands of small businesses that will be hurt by this misguided, ad-hoc tax policy. The Big “I” is concerned that no current tax reform proposal addresses the negative impact of these tax increases on the association’s small business membership. Any future tax reform proposals or bills should take these new tax increases into account, thereby addressing the tax code in a wholesale manner.

BIG “I” POSITION: In 2010 the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) was signed into law. While most of the law applies to banks, securities firms and other financial institutions, there are some elements of the law that have an impact on the insurance market. The Big “I” is committed to working with the appropriate federal agencies, state regulators and Congress to ensure that the implementation of these provisions does not inappropriately intrude upon state regulation of insurance or place an undue burden on independent agents and brokers, the companies with which they work or the consumers agents serve. Furthermore, the recent Federal Insurance Office (FIO) report on insurance modernization specifically did not call for a major overhaul of insurance regulation.

BACKGROUND:

Federal Insurance Office (FIO)

Dodd-Frank created the FIO, an information-gathering body with no regulatory authority, housed within the U.S. Department of the Treasury. One of FIO’s duties is to brief the Treasury Secretary, Financial Stability Oversight Council (FSOC), Congress and the Administration on the status of national insurance issues. To facilitate this process, the FIO was granted limited information-gathering powers, which include the authority to subpoena insurers in certain circumstances.

In addition to information-gathering, FIO will assist the U.S. Trade Representative in negotiating certain international insurance agreements and participate in the International Association of Insurance Supervisors (IAIS). The IAIS represents insurance regulators and supervisors from more than 200 jurisdictions, and its goal is to promote financial stability, consistency in oversight and effective insurance regulation.

In December 2013 the FIO released its report on ways to “Modernize and Improve the System of Insurance Regulation in the United States.” The Big “I” agrees with FIO’s assessment that insurance regulation could be improved and modernized in certain areas, but also strongly believes that any federal action should be targeted and limited with day-to-day regulation left in the hands of state officials.

IIABA agrees with several of the recommendations, including FIO's call for the adoption of the NARAB II producer licensing reform legislation. The report describes previous failed attempts at streamlining the agent licensing process and points to the current NARAB II bill as the most effective solution to achieving licensing reciprocity.

However, IIABA is skeptical about other proposed recommendations in the report, including changing the standards of use for underwriting and rating tools. The FIO does not take into account that state policymakers have already enacted comprehensive legislation pertaining to the use of these tools that strikes an appropriate balance between the concerns of the consumers and the needs of the marketplace. IIABA supports the proper use of underwriting criteria that produce enhanced competition and accurately price risk.

While the FIO has the potential to play a positive role in the insurance market, the Big "I" is focused on ensuring that this informational office does not exceed its limited mandate or experience any "mission creep." State regulation has a steady track record of accomplishment, and this office should not take any actions that would unnecessarily infringe on the state system.

Financial Stability Oversight Council (FSOC) and Systemically Important Financial Institutions (SIFIs)

The FSOC, created by Dodd-Frank, is tasked with developing guidelines used to determine systemically important bank and non-bank (e.g., insurance) financial institutions (called SIFIs), which could have a systemically significant impact on overall capital markets. A SIFI will be subject to greater federal financial oversight and heightened capital standards by the Federal Reserve.

The Big "I" believes that any decision by the FSOC to include insurance companies in its oversight should recognize the inherent differences between the insurance industry and other financial services sectors and, therefore, avoid applying bank-centric standards to the insurance market. Along these lines, two bills have been introduced that would give the Federal Reserve greater discretion in its application of Section 171 of Dodd-Frank which requires

that certain financial entities hold minimum levels of capital on a consolidated basis. Sens. Sherrod Brown (D-Ohio) and Mike Johanns (R-Neb.) introduced S. 1369 and Sen. Susan Collins (R-Maine) introduced S. 2102. Both pieces of legislation would provide flexibility to the Federal Reserve in its establishment of capital standards for insurers. The bills would also clarify that when the Federal Reserve establishes minimum capital levels for holding companies, it is not required to include insurers as long as the entity is engaged in activities regulated as insurance at the state level.

Preservation of State Insurance Regulation

The Big “I” remains dedicated to preserving day-to-day state insurance regulation and firmly believes that the benefits and attributes of the system dramatically outweigh any shortcomings or inefficiencies. Although the need for greater efficiency and streamlining is clear, IIABA believes federal regulation goes too far and holds great risk for all market participants. Instead, the Big “I” supports improving the state-based system by creating greater uniformity and efficiency via targeted federal legislation (please refer to the section on agent licensing for more information).

BIG “I” POSITION: The Affordable Care Act (ACA) continues to create a challenging environment for independent agencies both as health care consumers and as health insurance advisors. The Big “I” is working to ensure its small business membership will continue to be able to offer their employees access to quality and affordable health insurance, while maintaining the high level of service clients have come to expect.

A key issue for IIABA is ensuring a strong agent and broker role in health insurance Marketplaces. With the major changes in the marketplace caused by the ACA, consumers need professional guidance more than ever, not only with the initial purchase but the continued servicing of the policy as consumer needs arise. In tandem with this issue, proper regulation, training and oversight of so-called “navigators” or other similar government-funded entities operating within the Marketplaces will continue to be an important issue. IIABA supports three bills introduced in the House by Rep. Cathy McMorris Rodgers (R-Wash.) and one in the Senate by Sen. Marco Rubio (R-Fla.), all of which highlight troubling consumer protection concerns raised by these programs.

In addition, IIABA supports legislation in the House and Senate to provide relief for job creators by defining a full-time employee as an individual who works 40 hours per week, instead of the current 30 hour per week definition under the ACA. Lastly, the Cadillac Tax looms large as a source of further marketplace disruption in 2018.

BACKGROUND: The ACA’s implementation is scheduled to take place over an eight year period, with four years already having passed. Jan. 1, 2014 was slated to be a milestone for the new law, since on that day coverage through the new health insurance exchanges took effect for early enrollees along with guaranteed issue, the individual mandate and many additional market reforms. However, many implementation dates—most notably regarding the employer shared responsibility requirement—have become more of a moving target as the Obama Administration has made numerous regulatory changes. Due to these changes, the full effect of the ACA will not be felt for years. However, Big “I” members and their clients have already encountered numerous issues that the association requests Congress address.

Health Insurance Marketplaces

The new health insurance Marketplaces, arguably the centerpiece of the ACA, were launched for initial open enrollment on Oct. 1, 2013 for coverage taking effect Jan. 1, 2014. These web platforms are designed to help consumers enroll in qualified health insurance plans, administer subsidies for purchase of private insurance and provide a portal for enrollment in government health care plans.

The Big “I” supports a strong role for agents and brokers in every health insurance Marketplace. Currently agents can be authorized to operate in any Marketplace in the country, no matter whether it is operated by federal or state authorities, after the necessary training and registration process is completed. In a time of upheaval for the health care system, there is now an even greater need for a licensed, trained and accountable workforce with the experience necessary to properly advise and enroll consumers in a plan that best fits their needs.

Another important issue is the posting of agent and broker contact information on the federal Marketplace website, www.healthcare.gov. Although agents and brokers began the training and registration process in August 2013, and the Administration has undoubtedly captured all contact information of agents who have completed this process, the Dept. of Health and Human Services (HHS) refuses to post this information on the Marketplace website for consumers’ use. Therefore, the Big “I” supports H.R. 3362, the “Exchange Information Disclosure Act,” by Rep. Lee Terry (R-Neb.), as well as companion legislation in the Senate, S. 1590, by Sen. Lamar Alexander (R-Tenn.). These bills would direct the Administration to publish the contact information of all certified independent insurance agents and brokers on the healthcare.gov website within five days of enactment.

Navigator Programs

Also within the Marketplaces, the ACA authorizes the creation of “navigator programs,” along with similar government funded assisters. These programs are designed to empower certain groups to perform outreach with the goal of raising public awareness regarding availability of qualified health plans, as well as providing referrals for enrollees with grievances, complaints or

questions. Perhaps most alarmingly, navigators are charged with “facilitating enrollment” in qualified health plans.

This is a worrisome consumer protection issue, since by definition many of the individuals and entities operating in these programs have no relevant background in the health insurance industry, and depending on the jurisdiction in which they operate they may have inadequate training, accountability and oversight.

Consequently, the Big “I” believes that navigators and any similar entities operating within the Marketplaces should be properly licensed, trained and overseen. In addition, just as with agents and brokers, these entities should be legally liable for their actions and be required to adhere to a financial responsibility requirement. This will ensure that consumers are made financially whole when wrongful or negligent acts are committed.

Accordingly, IIABA supports three pieces of legislation by Rep. Cathy McMorris Rodgers (R-Wash.) that address navigators and similar programs: H.R. 2980, H.R. 2951 and H.R. 3429, the “Consumer Protection Act.” These bills would put in place important safeguards, certifications and audits to protect against the inevitable waste, fraud and abuse created by these programs. In addition, the Big “I” supports S. 1666, the “Healthcare Privacy and Anti-Fraud Act,” by Sen. Marco Rubio (R-Fla.). This bill would require a criminal background check, fingerprinting and a credit report for individuals seeking to operate in one of these programs.

Employer Mandate

Originally slated to go into effect in 2014 in tandem with the individual mandate, the employer mandate under the ACA requires businesses with 50 or more full-time employees to provide affordable (premiums no greater than 9.5% of income) and adequate (60% actuarial value) coverage to its employees.

Many clients of independent agencies have struggled with the implementation of this provision, and in particular the 30 hour per week definition of a full-time employee. In the view of the IIABA, the implementation of the employer mandate has caused many businesses to undergo the prospect of great financial strain, or to contemplate cutting their health care plan altogether.

As such, IIABA supports the bipartisan bills H.R. 2575, the “Save American Workers Act of 2013,” by Rep. Todd Young (R-Ind.) in the House and S. 1188, the “Forty Hours is Full Time Act of 2013,” by Sens. Susan Collins (R-Maine) and Joe Donnelly (D-Ind.) in the Senate. These bills would amend the ACA to reflect the traditional and widely accepted definition of a full-time employee as one who works an average of 40 hours per week.

Cadillac Tax

In 2018, a 40% excise tax (Cadillac tax) will be levied on employer-sponsored health plans with premium values that exceed a nationally applied benchmark of \$10,200 for an individual and \$27,500 for a family. The tax is applied to the amounts that exceed the threshold and in future years it will be indexed to Consumer Price Index (CPI), which runs lower than healthcare inflation and can result in more taxes. This goes beyond the original intent of taxing Cadillac health plans that provide workers the most generous level of health benefits. This is a non-deductible expense for business and most are forecasting their liability to be in the tens and hundreds of thousands of dollars, no matter what type of benefits they offer. The Big “I” is concerned that this punitive tax will have negative and disruptive effects on the insurance marketplace, likely leading to higher costs for consumers and/or reduced benefits provided by employers. In fact, these outcomes are already beginning to manifest in the group markets, as marketplace participants begin planning for 2018. For instance, as the implementation date approaches, consumers should expect to see higher out-of-pocket costs through increased copays, deductibles and coinsurance as employers look to avoid this punitive tax. IIABA looks forward to working with Congress to develop alternative policies with the goal of reducing health care costs.

BIG “I” POSITION: As strong advocates for the Federal Crop Insurance Program (FCIP), and as the largest trade group representing crop insurance agents, IIABA was pleased to see the FCIP retained and strengthened as the central risk management tool for farmers and ranchers in the Agricultural Act of 2014 (2014 Farm Bill). After almost two years of debate, the Senate and House were able to come to a consensus on a five-year bill. The Big “I” strongly supports the FCIP and thanks Congress for continuing this valuable program for American agriculture.

As discussions for the 2015 Standard Reinsurance Agreement (SRA) renegotiation begin, the Big “I” urges both the Obama Administration and the approved crop insurance companies (AIPs) to encourage agent participation in the SRA conversations relating to the day-to-day business of agents servicing crop policies for their customers.

BACKGROUND: Independent agents have been an essential component in the development of the FCIP as the program moved from a federally-provided program to a public-private partnership in the early 1980s. In 2012, crop insurance covered 86% of all cropland acres and provided the strongest safety net to America’s world food producers. Crop insurance combines the affordability and comprehensiveness of the public sector with the efficiency and speed of delivery of the private sector.

The Big “I” was pleased with the 2014 Farm Bill and thanks Congress for recognizing the strengths of the FCIP and the value and stability it provides to the rural economy. The current law ensures the affordability and availability of this important insurance product, and independent agents are pleased to continue their vital role as the sole sales force of this critical program.

The 2014 Farm Bill is a complete overhaul of the Farm Bill policies, saves taxpayers \$23 billion over 10 years by ending the Direct Payment Program for commodities, and finds savings within the food stamp (SNAP) program. Additionally, the FCIP will not have payment limits but will be tied to conservation compliance. Opposing payment limits in the FCIP was a central goal for the Big “I” as the Farm Bill went through the legislative process.

As part of the evolution of the FCIP, the terms of the Standard Reinsurance Agreement (SRA), which determines the Administrative and Operating (A&O) reimbursements and underwriting gains for crop insurance companies, are renegotiated every five years. In June 2010, the Risk Management Agency (RMA) and approved crop insurance companies (AIPs) negotiated and finalized the 2011 SRA. Despite agents' essential role in this market, independent agents are not permitted to participate in this negotiation and have no formal input regarding the details of the SRA.

The Big "I" opposed the 2011 SRA, which cut the FCIP by \$6 billion over 10 years and made unprecedented and sweeping changes to the delivery system. First, the 2011 SRA radically changed the reimbursement rate for A&O expenses in a way that shifted significant delivery dollars between states, choosing winners and losers. Second, the SRA imposed caps on the compensation a private company may pay private agents for the delivery of insurance. As discussions on the 2015 SRA begin, the Big "I" will continue to advocate for agents to have a voice in the renegotiation process, to ensure that new and existing policies don't have a negative impact on the future of the FCIP and customers who rely on the product.

INDEPENDENT INSURANCE AGENTS & BROKERS OF AMERICA POLITICAL ACTION COMMITTEE

InsurPac, the political action committee (PAC) of the Independent Insurance Agents & Brokers of America (IIABA or the Big “I”), was established in 1975 to complement IIABA’s legislative program. It pools voluntary personal contributions from thousands of independent agents, brokers and industry supporters, and then disburses the funds to campaign accounts for federal office, including those for members of the U.S. Senate and House of Representatives.

InsurPac is roughly a \$2 million PAC per election cycle and is the largest property-casualty PAC in the country. It is also one of the largest small business PACs across all industries.

InsurPac and the Big “I” are separate but affiliated organizations. InsurPac’s governing board of trustees is appointed by the Big “I” Executive Committee. Monthly reports are filed with the Federal Election Commission (FEC). These reports reflect all InsurPac disbursements and receipts from individuals that aggregate in excess of \$200 in a calendar year.

The Independent Insurance Agents & Brokers of America's (IIABA or the Big 'I') grassroots program is the backbone of legislative advocacy on agent and broker issues on Capitol Hill and in state capitols. IIABA's quarter of a million agents, brokers and their employees comprise a formidable grassroots constituency that ranks among the most respected on Capitol Hill.

The Big "I" encourages its members to be active in local, state and national politics. In fact, more than 25 former insurance professionals currently hold seats in the U.S. Congress. IIABA's grassroots strength lies not only in agents' strong relationships with federal legislators, but also in the number of concerned agent and broker activists that can be mobilized at a moment's notice.

To learn more and become involved in the association's grassroots efforts call 202-863-7000 or send an e-mail to **IIABAGrassroots@iiaba.net**.

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