

2026 BIG "I" LEGISLATIVE CONFERENCE



Independent Insurance Agents & Brokers of America

20 F Street, NW, Suite 610
Washington, D.C. 20001

(202) 863-7000
www.independentagent.com

LEGAL REFORM

Congress should take action to curb abusive litigation practices that drive up insurance costs for consumers and undermine the integrity of the U.S. legal system. The rapid growth of third-party litigation funding (TPLF) has created unfair tax advantages and a lack of transparency that incentivizes excessive litigation and increases the cost of insurance for policyholders. Lawmakers should support the **Tackling Predatory Litigation Funding Act (H.R.3512/S.1821)** to ensure funders pay fair, ordinary income tax rates comparable to plaintiffs and attorneys, while closing loopholes that allow foreign investors to avoid U.S. taxes entirely. Congress should advance the **Protecting Our Courts from Foreign Manipulation Act (H.R.2675/S.3180)** to require disclosure of litigation funding arrangements and prevent foreign entities from exploiting U.S. courts for profit.

DISASTER MITIGATION

Congress should advance smart, proactive mitigation policies that protect homeowners, stabilize insurance markets, and reduce long-term federal disaster costs. The Senate should join the House, which has already passed the **Fix Our Forests Act (H.R.471/S.1462)** to address the growing wildfire crisis through improved forest management, infrastructure hardening, and streamlined project approvals that better protect at-risk communities. Congress should support the **Disaster Mitigation and Tax Parity Act of 2025 (H.R.1849/S.336)** to remove tax barriers that discourage homeowners from investing in resilience measures, ensuring that grants for mitigation are not treated as taxable income. Finally, Congress should strengthen federal disaster response by advancing the **Fixing Emergency Management for Americans Act (H.R.4669)**.

FLOOD INSURANCE

Congress should act to provide certainty and stability in the flood insurance market by reauthorizing and modernizing the National Flood Insurance Program (NFIP) before its September 30 expiration, avoiding the repeated short-term

extensions that have created disruption and left consumers vulnerable during critical periods. A long-term reauthorization will ensure continued access to essential coverage for homeowners and businesses in high-risk areas that the private market will not cover. Lawmakers should also advance the **Continuous Coverage for Flood Insurance Act (H.R.6620)** to encourage responsible growth in the private flood market while protecting consumers' ability to move between private and NFIP policies without penalty. Congress must reject proposals that would weaken or eliminate the NFIP or its Write-Your-Own program, which are vital to maintaining a functioning marketplace and delivering coverage through trusted independent agents.

TERRORISM RISK

Congress should act swiftly to pass a clean, long-term extension of the Terrorism Risk Insurance Act (TRIA) to preserve market stability, protect economic security, and ensure businesses have access to essential terrorism coverage. Since its creation, TRIA has served as a vital public-private partnership that enables insurers to offer coverage for an inherently unpredictable risk.

HEALTH CARE

Congress should act decisively to strengthen and modernize America's health care system by protecting employer-sponsored coverage, advancing meaningful price transparency, and expanding access to telehealth. Preserving the long-standing tax exclusion for employer-provided health insurance is essential to maintaining stable, affordable coverage for millions of working Americans. Lawmakers should pass the **Patients Deserve Price Tags Act (H.R.5582/S.2355)** to ensure patients, employers, and brokers have access to clear, standardized pricing information—empowering consumers to make informed decisions and drive competition that lowers costs.

Nathan Riedel
Senior Vice President
Federal Government Affairs
nathan.riedel@iiba.net

Raaed Haddad
Director
Federal Government Affairs
raaed.haddad@iiba.net

Corey Miller
Director
Federal Government Affairs
corey.miller@iiba.net



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LEGAL REFORM



PROTECT OUR COURTS BY CRACKING DOWN ON LAWSUIT ABUSE

The Big "I" urges Congress to:

- Support the **Tackling Predatory Litigation Funding Act (H.R.3512/S.1821)** to create tax fairness so third-party litigation funders (TPLF) do not get a more favorable tax rate than the injured plaintiff or their attorneys.
- Support the **Protecting Our Courts from Foreign Manipulation Act (H.R.2675/S.3180)** to require disclosure of TPLF agreements and payments in civil lawsuits.

Abuse of the legal system is a significant and growing problem, adding considerable costs to the insurance industry, which are then passed along in the premiums that consumers pay.

An especially troubling trend is the unchecked way foreign and domestic entities finance, subsidize and profit from litigation in American courts. In most cases, defendants are required to disclose insurance agreements in litigation, but litigation funding agreements are not subject to such disclosure in many jurisdictions. To make matters worse, litigation funders regularly pay a more favorable tax rate on their share of a court award when compared to the actual injured plaintiff. The profits of domestic funders currently get treated as capital gains for tax purposes. At the same time, foreign investors operating through shell companies pay no U.S. taxes on their litigation profits since they are not subject to capital gains. This perversely incentivizes foreign and domestic investment in more U.S. litigation.

To address these perverse actions, the Big "I" supports the **Tackling Predatory Litigation Funding Act (H.R.3512/S.1821)** which would treat third-party lawsuit proceeds as ordinary income and require disclosure of outside financial interests. The legislation would create a new tax specifically for TPLF, pegging the tax rate for proceeds to the top ordinary

income tax rate of 37%, which will ensure parity with the tax rates that plaintiffs and attorneys must pay. Additionally, it adds a 3.8% tax for using the court system—a public good—for profit, taking the total tax rate for TPLF returns to 40.8%.

The legislation makes it clear that TPLF does not qualify for capital gains treatment, thereby closing the foreign TPLF tax loophole that currently allows foreign investors to pay zero in U.S. taxes. The tax is levied solely on the third-party funders and does not create a new tax on actual plaintiffs or their attorneys, nor would it limit traditional law firm financing or disrupt post-judgment financing arrangements.

Another important bill would bring more transparency and accountability to litigation funding. The bipartisan, bicameral **Protecting Our Courts from Foreign Manipulation Act (H.R.2675/S.3180)** would ban foreign governments and sovereign wealth funds from engaging in TPLF and increase oversight of foreign involvement. In the current system, foreign adversaries can exploit the secrecy surrounding third-party funding to weaponize the court system and harm U.S. companies. This legislation will protect consumers and businesses from rising litigation costs, preserve the integrity of the U.S. judicial system, and guard against foreign interference.

To access a full, up to date list of cosponsors for these bills please use the following code:



Nathan Riedel
Senior Vice President
Federal Government Affairs
nathan.riedel@iiba.net

Raaed Haddad
Director
Federal Government Affairs
raaed.haddad@iiba.net

Corey Miller
Director
Federal Government Affairs
corey.miller@iiba.net



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DISASTER MITIGATION



ADDRESS THE INSURANCE MARKET CRISIS BY ENCOURAGING DISASTER PREPAREDNESS

The Big "I" urges Congress to:

- Address the growing risk of wildfire by passing the bipartisan, bicameral **Fix Our Forests Act (H.R.471/S.1462)** out of the U.S. Senate. It has passed the House.
- Support the **Disaster Mitigation and Tax Parity Act of 2025 (H.R.1849/S.336)** to encourage homeowners to participate in resilience programs.
- Recognize the important role that the Federal Emergency Management Agency (FEMA) plays and pass the **Fixing Emergency Management for Americans Act (H.R.4669)**.

Natural disasters are becoming more frequent and more severe, placing significant strain on the property and casualty insurance markets. Without effective disaster mitigation, insurers face rising claim costs, homeowners struggle with skyrocketing premiums or lack of coverage, and the federal government is forced to step in with costly disaster relief programs. States are working to increase resiliency and mitigate risks associated with their unique geographies, but the federal government can and should do more to assist those efforts.

The Big "I" encourages the U.S. Senate to pass the **Fix Our Forests Act (H.R.471/S.1462)**, which has passed the U.S. House of Representatives with broad bipartisan support. This bill would increase the nation's resilience to catastrophic wildfires, improve land use planning and forest management, streamline environmental reviews while deterring frivolous litigation, and help to better protect communities in wildfire-prone regions. The legislation has provisions to reduce the fuel loads in our nation's forests, including the removal of hazardous trees, the hardening of utility infrastructure, and the adoption of fire-resistant building methods and standards.

The bipartisan, bicameral **Disaster Mitigation and Tax Parity Act of 2025 (H.R.1849/S.336)** would empower individual property owners to undertake targeted resilience and mitigation activities. The legislation would amend the federal tax code to ensure homeowners are not taxed on grants or rebates received from state-based catastrophe mitigation programs used to strengthen their homes against disasters. The legislation excludes qualified catastrophe mitigation payments from federal taxable income when they are used for improvements that would help prevent damage from hazards such as windstorms, floods, earthquakes, or wildfires. The goal is to align the tax treatment of state mitigation grants with existing exemptions for certain federal disaster mitigation funds, encouraging more homeowners to participate in resilience programs and invest in protecting their property before disasters occur.

The Fixing Emergency Management for Americans Act (H.R.4669) has over 60 bipartisan cosponsors. The bill would return the FEMA administrator to a cabinet-level position to increase accountability and efficiency at the agency. It would streamline federal disaster response and recovery by reducing bureaucracy, while encouraging state and local mitigation efforts. Additionally, it would help depoliticize and modernize an agency both parties agree is struggling amid more frequent extreme weather events. The Big "I" urges the U.S. House of Representatives to bring this bill to the floor and pass it.

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Federal Government Affairs
nathan.riedel@iiba.net

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Director
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raaed.haddad@iiba.net

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FLOOD INSURANCE



MODERNIZE & REAUTHORIZE THE NATIONAL FLOOD INSURANCE PROGRAM

The Big "I" urges Congress to:

- Extend the National Flood Insurance Program (NFIP) before its expiration on September 30 and consider a long-term reauthorization of the program.
- Support the **Continuous Coverage for Flood Insurance Act (H.R.6620)** to encourage participation in the private flood market.

The NFIP plays a critical role in mitigating risk by providing flood insurance to homeowners and businesses in high-risk areas. The Big "I" strongly supports a long-term reauthorization of a modernized program before September 30 to avoid marketplace disruption. In the past, multiple short term and retroactive extensions made it difficult for the market and consumers to adequately plan for flood risks. Since the end of fiscal year 2017, the NFIP has been reauthorized on a short-term basis 35 times. During the government shutdown late last year, the NFIP lapsed for 43 days, leaving customers vulnerable near the peak of hurricane season.

The Big "I" supports the current public-private partnership model of the NFIP and believes that the private market has a role in the delivery of flood insurance, but it is not a replacement for the NFIP. The private market is not currently able to insure 100% of flood risk on a pervasive basis to meet consumer needs. Finding an appropriate balance between the NFIP and the private market to ensure that risk is spread and allocated in the best manner should be the goal of any legislative reforms.

The Big "I" supports modernizing the NFIP through legislation such as the **Continuous Coverage for Flood Insurance Act (H.R.6620)**. The bill clarifies that a private flood insurance policy can satisfy the mandatory purchase requirement

for flood insurance and ensures state insurance regulators retain regulatory authority over private flood insurance. The bill also makes clear that consumers can obtain a private policy and then later obtain an NFIP policy without losing grandfathered rate status, if the private market no longer meets the consumers' needs. This continuous coverage clarification is a vitally important feature to agents and the customers they serve.

As the Trump Administration reviews federal programs and considers potential reforms to the Federal Emergency Management Agency (FEMA), the Big "I" is particularly concerned with any suggestions to eliminate the NFIP. Furthermore, the Big "I" strongly opposes any policies that would harm the Write-Your-Own (WYO) Program, including WYO reimbursement reductions, or undermine the valuable and trusted role that independent agents play in the offering, sale, and servicing of flood insurance.

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Federal Government Affairs
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Director
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TERRORISM RISK



SECURE THE NATIONAL ECONOMY & INSURANCE MARKETPLACE FROM THE THREAT OF TERRORISM

The Big "I" urges Congress to:

- Pass a clean, long-term extension of the Terrorism Risk Insurance Act (TRIA) as soon as possible.

Legislation known as TRIA was enacted on November 26, 2002 in response to the September 11, 2001 attacks and the ensuing inability of the commercial property and casualty insurance markets to underwrite terrorism risk. The attacks caused rates for terrorism insurance and reinsurance to rise dramatically, while coverage disappeared altogether in some areas. This crisis threatened the country's economic security, as the effects were not only felt in the insurance markets but also directly impacted real estate development and finance.

The program has been essential in maintaining a stable and functional terrorism insurance market. Because terrorism involves intentional, strategic, and unpredictable human behavior, it cannot be modeled or underwritten like natural disasters. The private market capacity that exists today depends on this federal backstop; without it, that capacity could quickly erode.

The TRIA program operates as a public-private partnership in the form of a federal reinsurance backstop. In exchange for this backstop, insurers must make terrorism coverage available to commercial policyholders. If a terrorist attack occurred and a need for the program were to arise, TRIA has numerous cost-sharing provisions designed to limit the exposure of the federal government, protect taxpayers and maximize private sector involvement.

Since its enactment in 2002 and subsequent reauthorizations in 2005, 2007, 2015, and 2019, the program has operated at virtually no cost to taxpayers while ensuring that the

private sector remains primarily responsible for losses. The program is triggered only when industry-wide insured losses exceed \$200 million. Participating insurers must first meet a deductible equal to 20% of their prior-year direct earned premiums. After that, the federal government covers 80% of insured losses, with insurers retaining 20%. Federal payments are subject to mandatory recoupment through policyholder surcharges, ensuring repayment to the Treasury up to specified thresholds.

As terrorism threats continue to evolve and high-profile national events approach, such as the nation's 250th anniversary and the FIFA World Cup hosted across North America, extending TRIA is critical to create certainty for the cities, communities and venues that will host these events and others.

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Senior Vice President
Federal Government Affairs
nathan.riedel@iiba.net

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Director
Federal Government Affairs
raaed.haddad@iiba.net

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corey.miller@iiba.net



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HEALTH CARE



ADVANCE REFORMS TO LOWER HEALTH INSURANCE COSTS & INCREASE TRANSPARENCY

The Big "I" urges Congress to:

- Protect the tax exclusion for employer-provided health insurance coverage.
- Pass the **Patients Deserve Price Tags Act (H.R.5582/S.2355)** to deliver price transparency for patients, employers, and the agents and brokers who guide them.

Policymakers should prioritize protecting stable health coverage for American workers while advancing reforms that lower costs and increase transparency.

A central pillar of this effort is preserving the long-standing tax exclusion for employer-provided health insurance. Employer-sponsored coverage remains the single largest source of health insurance in the United States, covering more Americans than any other coverage options combined. The tax exclusion enables broad risk pooling, stabilizes premiums, and supports consistent access to care for working families. It also delivers significant value to taxpayers: For every dollar the federal government forgoes through the exclusion, employers invest approximately \$5.66 into the health care system. This strong return on investment supports both economic productivity and improved health outcomes, making the exclusion one of the most effective tools for maintaining stable, affordable coverage.

Another way Congress can protect consumers is pass legislation to create greater hospital price and billing transparency. The **Patients Deserve Price Tags Act (H.R.5582/S.2355)** enforces and expands existing transparency rules, requires the disclosure of actual prices, and directs insurers to provide patients with easy-to-understand bills. Patients and payers need access to

clear, standardized dollar amounts—not vague estimates—to make informed decisions. Transparent billing would help patients identify and challenge erroneous charges, unfair add-on fees, and hospital upcharges, including those generated through automated systems. Improved transparency would also allow Medicare and private insurers to reimburse services more accurately, ultimately lowering out-of-pocket costs and encouraging price competition.

Expanding access to telehealth also remains critical. Allowing providers to practice across state lines and prohibiting unnecessary facility fees for virtual visits would preserve telehealth as a convenient, affordable care option. Together, these policies would strengthen employer-based coverage, enhance transparency, and promote a more competitive, cost-effective health care system.

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raaed.haddad@iiaba.net

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corey.miller@iiaba.net

