



ACLI State & Federal Issues Update

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ACLI Financial & Investment Roundtable



ACLI advocates in federal, state, and international forums for public policy that supports the life insurance industry marketplace and the **75 million American families** who rely on life insurers' products.



Member companies offer **life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance.**

Approximately **290 member companies** in the U.S. and abroad represent more than **94 percent of industry assets and premiums.**



Federal-State Convergence

DOL Fiduciary Rule
Replacement

NAIC Annuity Suitability
Rule Enhancements

Dodd-Frank Act Reform:
FSOC, SIFIs, FIO;
Covered Agreement

NAIC Group Supervision,
Reinsurance Collateral
Confidentiality

ACA Repeal/Replacement

State Exchange Assessments,
State Budgets

Tax Reform/Infrastructure
Investments

State Accounting, Reserve,
Investment Standards

Congressional Repeal
of DOL Rules

State Run Retirement
Plans for Private Sector



State Statistics

- 70,131 bills screened (2017)
- 10,000+ bills screened
- 854 bills tracked in LTS
- 8 enacted bills
- 38 proposed regulations
- 35 adopted regulations



2018 Priorities

- Federal Tax Reform/Infrastructure
- Fiduciary Rule/Best Interest Standard
- Cybersecurity
- Risk Classification
- Guaranty Association Assessments for Long-Term Care
- State-run Retirement Plans for Private Sector
- 2018 State/Federal Political Scene



Federal Tax Reform/Infrastructure

- 21% corporate tax rate
- Life insurance specific provisions - \$23 billion
- Additional Corporate Base Broadeners
 - Separate Account DRD
 - General Account DRD
 - Net Operating Loss Carryback



Fiduciary Rule/Best Interest Standard

- Department of Labor rule delayed in part
- Federal litigation
- Draft amendments to NAIC Annuity Suitability Model Regulation
- **3** states with active legislation/rulemaking in 2018



Cybersecurity

- **48** state laws impose notification requirements to consumers/state officials after a breach
- **13** state laws establish general standards for data security
- **38** states have adopted rules tracking NAIC *Standards for Safeguarding Customer Information Model Regulation*
- **26** states with active breach legislation in 2018
- Federal cyber activity



Risk Classification

- HIV Testing
- Genetic Information
- Gender Identity
- Credit Reports
- Death with Dignity



Guaranty Association Model Revisions

- Prospective application
- 50/50 assessment split
- Inclusion of HMOs
- Preservation of the premium tax offset



Guaranty Associations



- Current Guaranty Association assessments for LTC:
 - 19% for life insurers
 - 81% for health carriers



Guaranty Associations



- NAIC LHIGA model assessment division for LTC:
 - 50% for life insurers
 - 50% for health carriers



State-run Retirement Plans for Private Sector

- DOL safe-harbor rules repealed
- **120+** State-Run Retirement Plans bills since 2007
- **11** state studies
- **6** states have adopted plans (Only Oregon has implemented Pilot Program)
- **15** states with active legislation in 2018



Supplemental Insurance Products

Beginning in January 2018, ACLI began advocacy of the following product lines:

- Accident
- Critical Illness
- Dental
- Hospital Indemnity
- Specified Disease
- Stop-Loss
- Vision

2018 Politics





Mid-Year Election in November

Trump Effect?

House

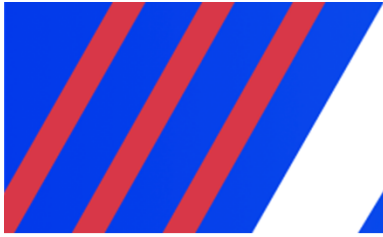
Republican seats – 238

Democrat seats – 193

Senate

Republican seats – 51

Democrat seats – 49



Questions?



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