



ACLI Financial & Investment Roundtable 2019

Legislative & Regulatory Update

Alane Dent, Sr. Vice President, Federal Relations

John Mangan, Regional Vice President, State
Relations

March 23, 2019



ACLI advocates in federal, state, and international forums for public policy that supports the life insurance industry marketplace and the **90 million American families who rely on life insurers' products.**



Member companies offer **life insurance, annuities, retirement plans, long-term care and disability income insurance, reinsurance, dental and vision and other supplemental benefits.**

Approximately **290 member companies** in the U.S. and abroad represent more than **95% of industry assets and 93% of industry life insurance premiums**

Federal-State Convergence

DOL Fiduciary Rule Vacated/
SEC Regulation Best Interest

NAIC Annuity Suitability
Model Enhancements

Tax Reform

State Implementation
of Federal Tax Reform

Congressional Repeal
of DOL Rules

State Run Retirement
Plans for Private Sector

Federal Cybersecurity/
Breach Notifications

NAIC Insurance Data
Security Model



Session Statistics

2018

Bills Screened	50,000+
Bills tracked in LTS	1,542
Enacted Bills	179
Proposed Regulations	152
Adopted Regulations	131
Administrative Material	116



2019 Federal/State Priorities

- Retirement Plan Coverage/State-run Retirement Plans for Private Sector
- Fiduciary/Best Interest Standard
- Consumer Privacy/Cybersecurity
- Risk Classification
- Guaranty Association Assessments for LTC
- State Taxation of Insurance Products



2019 Active State Legislative Issues

Fiduciary/Best Interest	MD, NV, NJ
Privacy	AZ, CA, HI, MD, MA, MS, NH, NJ, NM, NY, ND, OR, RI, TX, VT, WA
Cybersecurity	AL, CA, DE, IL, IN, IA, MS, MO, NV, NY, OR, WA, WV
Risk Classification	AZ, AR, CT, DE, FL, IL, IN, KS, MD, MA, MN, MO, NE, NM, NY, OK, RI, TX
PFML	AZ, CA, CO, CT, FL, HI, IL, IN, IA, KY, ME, MD, MN, MS, MO, MT, NE, NH, NM, NC, ND, OK, OR, TN, VA, VT, WA, WV
State Run Retirement Plans	AR, CO, IL, IA, MD, ME, NV, NJ, NY, OK, OR, VA, WA
Taxes	AZ, CT, IL, IN, IA, KS, KY, MD, ME, MN, MS, MO, NJ, NM, NY, OK, OR, TX, UT, VA, WV, WY
Guaranty Ass'n/LTC	AR, DE, FL, IA, KY, ME, MD, MA, MT, NV, NH, NJ, NY, OK, SC, TN, TX, WV, WY



Retirement Plan Coverage/ State-Run Retirement Plans

- Federal Action
- 130+ state bills since 2009
- 8 states have adopted plans (Only Oregon has enrolled beyond a pilot)
- 11 state studies
- DOL safe-harbor rules repealed in 2017
- 23 states considered legislation in 2018
- 11 states have bills so far in 2019



Best Interest Standard

- Draft amendments to NAIC Annuity Suitability Model Regulation
- Department of Labor fiduciary rule vacated
- Legislation/rulemaking
 - NY reg. mirrors DOL fiduciary rule and adds suitability requirements to life products



Consumer Privacy

- EU GDPR
- California Consumer Privacy Act of 2018
- 13 states currently considering legislation
- Federal proposals



Data Security/Cybersecurity

- 13 states have general standards for data security
- *NAIC Insurance Data Security Model Law*
 - Adopted by the NAIC in October 2017
 - 3 passed in 2018 (SC, OH & MI)
- 11+ states to consider model legislation in 2019
- 50 state laws impose notification requirements to consumers/state officials after a breach
- 27 states considered breach legislation in 2018
- Federal proposals



Risk Classification

- Genetic Information/Testing
- Gender Identity
- Use of Opioid/HIV prevention drugs
- Use of Big Data
- Organ Donation
- Credit Reports



Guaranty Association Model Revisions

- Prospective application
- 50/50 assessment split
- Inclusion of HMOs
- Preservation of the premium tax offset
- 13 states enacted in 2018
 - 26 states to consider in 2019



State Taxation

- State reaction to federal tax reform:
 - ACLI defeated NJ bill increasing corporate income tax and 9% tax increase on dividends
 - AGs from CT, MD, NJ & NY filed suit to challenge constitutionality of cap on SALT deduction
- 3 states considered legislation to assess health insurers via exchange/reinsurance pools



Supplemental Insurance Products

- Beginning in Jan. 2018, ACLI began advocacy on supplemental products:
 - Defeated minimum loss ratio requirements for dental coverage in CA
 - Convinced NH DOI to allow hospital indemnity plans to allow exclusions for pre-existing conditions
 - Removed certain excepted benefits included in ACA related assessment in MD
- Engaged with NAIC on revisions to two model laws



November 2018 Elections

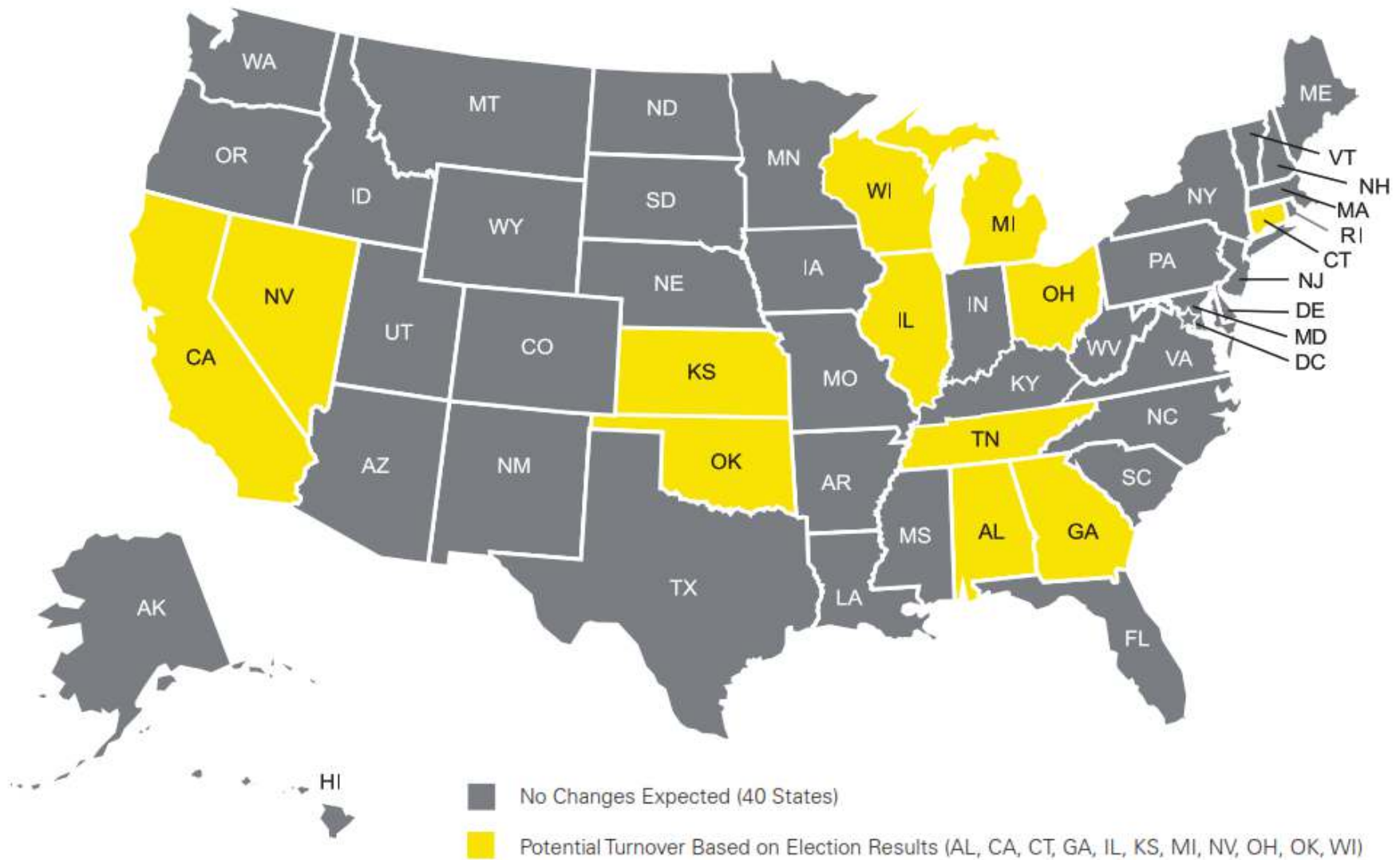
- Split Congress
 - **Democrats** control the House: 235 – 197
 - 89 freshman members
 - 50 new members of committees of jurisdiction
 - **Republicans** control the Senate: 53 – 47
 - 9 new Senators
 - 12 new members of committees of jurisdiction



November 2018 Elections

- 36 gubernatorial elections
 - **Democrats** now control 23 seats (Gained 7)
 - **Republicans** now control 27 seats (Lost 7)
- As many as 11 state insurance commissioners may turn over

2018 Election Map (Insurance Commissioners)





Questions?



ACLI Insurance Regulation Contacts

Alane Dent
202-669-3578
alanedent@acli.com

John Mangan
503-701-7503
johnmangan@acli.com