



DIRK KEMPTHORNE
President & Chief Executive Officer

**GOVERNOR KEMPTHORNE
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NAIFA President John Nichols, thank you for your kind introduction.

To you, to Dr. Susan Waters and to all of you, many thanks for inviting me to meet with you again this year. If I sound a little rushed or unsettled, please forgive me. I've had quite a busy day so far.

Speaking to the NAIFA membership is one of my favorite activities. I will do just about anything to join you here. Just ask my staff.

Last year I was flying back to Washington, D.C. from Houston. For a while it looked like I wasn't going to be able to get here on time. When we finally landed, I realized I could make it – but only if I left the airport immediately. I didn't even stick around to get my luggage from baggage claim!

This morning I spoke in Philadelphia, then I hurried back to Washington, DC for another important meeting. I told my staff – there is no way I'm going to miss speaking to the NAIFA membership. So – it is true -- we worked together with your team and made sure that I could be here.

So, why would I rush from an airport or a train to visit with you? That might be the easiest question I answer all day: Because you are the lifeblood of our industry.

Think about it. One day you're meeting with clients, discussing deeply personal financial matters with people that can have a lifelong impact on their financial security. The next day you're on Capitol Hill, discussing with national leaders how you are working daily to provide American families lifelong financial security and dignity. How cool is that?

When I was a U.S. senator from Idaho, I met with all kinds of people, many of them constituents from back home. And, let me tell you, in many ways, you, the NAIFA members, are the ideal constituents.

What does that mean – the “ideal constituent?” For members of Congress, the ideal constituent possesses six qualities – just like you do.

- 1) You're believers. You reflect the belief of a great man from history, Winston Churchill, who said more than 100 years ago: “If I had my way, I would write the word ‘insure’ upon the door of every cottage ... because I am convinced, for sacrifices so small, families can be protected against catastrophes which would otherwise smash them up forever.”
- 2) You're articulate. You explain in simple, easy-to-understand language the beauty and benefits of life insurance and financial security products.
- 3) You advocate. Whether you're on Capitol Hill, whether you are in a meeting for the first time with a prospective client or for the 50th time with a longstanding customer, you're advocating for long-term, sensible solutions for financial security.
- 4) You're personable. That's obvious. You wouldn't be here as a member of NAIFA if you weren't.
- 5) You're likable. If you weren't likable, you wouldn't be able to convince anyone to trust you ... not the folks back home on Main Street or the Members of Congress on Capitol Hill.
- 6) You're dedicated. If you weren't dedicated to your job, your clients and your great cause, you wouldn't be here this week in Washington, D.C.

Dedicated, likable, personable, articulate ... you're advocates and you're believers. I just described the NAIFA membership right here in this room.

Many of you have been to Capitol Hill before. But for some of you, this will be your first time. It can be a little intimidating -- the gleaming white dome and all of the powerful titles inside.

But when you get right down to it, it's really just a group of people talking about issues that are important to them and to you. It's what you do each day. You talk to people about important issues every day.

Ultimately, politics is a people-to-people business. Just like life insurance. And the men and women on Capitol Hill are going to be impressed by you. Don't be surprised if they ask you to stay in touch.

Members of Congress and their staffs are always looking to make new contacts and improve their relationships with their constituents. The better relationships they have, the more effective teams they have here in Washington, D.C. and in their home offices.

It reminds me of the National Football League draft. About two weeks ago, 32 NFL teams looked over all the football players leaving college and selected the ones they hope will be able to step right in and improve their teams.

If a draft were held on Capitol Hill for constituents, you all would be drafted in the first round. Just by getting to know you, learning from you and considering you as a source of future information, Members of Congress will be improving their teams.

The timing of your visit is perfect. I'm sure you have heard about the tax proposal that Ways and Means Committee Chairman Dave Camp introduced earlier this year. His proposal was serious and significant.

We all know that tax reform is a difficult issue to get right.

One of the significant things he got right in his proposal ... he did not tax inside buildup. He heard you. You should take a lot of credit for that. NAIFA, AALU, ACLI and our coalition partners worked hard to deliver the message about the importance of inside buildup to our products. It registered loud and clear.

Unfortunately, the Camp proposal contained a wide range of new taxes on the life insurance industry and retirement savings.

Now, you should know ... these proposals are not going to become law this year. But the problem is this ...his ideas are now out there, and they will be used as a guide for future tax proposals.

We know that new taxes on our companies will lead to higher prices for our customers. It will make it harder for Americans to prepare for a financially secure future.

Do they know that on Capitol Hill? They will. What will really impress them is hearing this from you, advocates from all across this great nation, all carrying the same message.

This is certainly not the first time we've faced tax proposals. We've seen them for years. We've seen them for decades. In fact, we've actually seen them for more than a century.

But the principles of life insurance taxation are not new. They were established during the Civil War.

When a tax on life insurance premiums was considered to fund that war, Massachusetts Senator Charles Sumner said on the Senate floor: "Here you are proposing to tax those who have taxed themselves... that the Nation might not have to support them."

His argument carried the day.

Then in 1866, the Treasury Department reaffirmed the importance of life insurance by ruling that life insurance death benefits are not subject to taxation. This tax treatment of life insurance continued with the advent of the federal income tax in 1913.

Over a century later, this remains a fundamental principle of tax policy. And it should never change. Society benefits when people are encouraged to take personal responsibility and save.

Of course, taxes are not the only issue we want to advocate. Our industry is uniquely positioned to address the growing challenge of our aging populations. I've talked often about this challenge – how we are witnessing on a daily basis perhaps the greatest demographic shift in history. Over the next 16 years, 10,000 Americans each day will reach age 65.

According to data compiled by the Social Security Administration, a 65-year-old, on average, can expect to live about 20 more years.

And, as the Social Security Administration points out, those are just averages. About one out of every four 65-year-olds today will live past age 90, and one out of 10 will live past 95.

But to me, this issue was made clear in a conversation I had earlier this year with a delightful elderly Australian while I was in Sydney for business.

He is 73-years-old and recently had to go back to work driving a taxi after retiring at age 65. His wife has developed a chronic illness, and they need money. He lamented that he may have to sell their family home to help make ends meet. He also recognizes that he was relatively fortunate compared to others his age who do not own a home and who at 73 cannot find a job.

I have relayed this conversation in several meetings and note that situations like this are playing out with people all around the world. How many more people will find themselves in the same predicament, with too little money to retire? How many more 73-year-olds will need to return to work eight years after retiring?

And how many will be employable at that point? They need help and their plights should be a part of policy-makers' discussions. And the life insurance industry – and all of you here – have the experience and knowledge to aid in those talks.

Solving these demographic challenges is going to be hard. But when have we ever not met our challenges? We've been helping people plan and prepare for their future since the country's founding. Let me tell you a story – one that is particularly relevant since we're here in Washington, D.C.

At the time of the American Revolution, General George Washington became the focus throughout Europe as an incredible leader who had defied all odds in defeating what, at that time, was the most powerful military on the face of the Earth... Great Britain.

The populace throughout Europe hungered for every detail about this conquering hero, this hero who did not claim the spoils of war for himself. In particular, they wanted to know what he looked like.

Because it was not possible that he would ever cross the ocean to visit Europe, the desired alternative was to have a sculpture of his likeness made and then duplicates created.

The renowned sculptor of that time who had done kings and queens and was currently commissioned to do Catherine the Great of Russia was Jean-Antoine Houdon. He was to the 18th Century, what Michelangelo was to the 16th Century.

Three Americans serving in Europe at that time implored Houdon to make the trip across the ocean to the new land of America and create the likeness. These men were the immediate past U.S. Ambassador to France, Benjamin Franklin, the then-current U.S. Ambassador to France, Thomas Jefferson, and the new U.S. Ambassador to England, John Adams. They presented their strong and united request to Houdon to do so.

Houdon was favorably moved by the notion and was excited to think that he could meet the great General and be the artist to capture his likeness for the ages. But it was not to be his decision alone.

The King of France, Louis XVI, was not eager to let such a national treasure as Houdon sail across the Atlantic, which at times could be quite perilous. So, as a condition for Houdon going to America, the King of France demanded that one condition had to be secured first... a life insurance policy.

Thus, the three American Founding Fathers in Europe immediately went to work to secure a life insurance policy.

Jefferson wrote to Adams the following inquiry:

“Is insurance made on Houdon’s life? I am uneasy about it, lest we should hear of any accident. As yet there is no reason to doubt their safe passage. If the insurance is not made I will pray you to have it done immediately.”

Further correspondence was exchanged between Jefferson and Adams, including Adams pointing out that, “I am afraid that Certificates of Houdon’s State of Health will be required, and the Noise of Algerian Captures may startle the Insurers.”

John Adams finally wrote the following to Thomas Jefferson:

“The Insurance is made upon Houdon’s Life for Six Months from the 12th of October.

“I have paid Thirty two Pounds Eleven shillings Premium and Charges, which you will please to give me credit for.

“I could not persuade them to look back, as they say, they never ensure but for the future and the date of the Policy.”

And thus, because of a life insurance policy, the renowned Houdon completed the sculpture which Supreme Court Justice John Marshall said, quote, “was a perfect image of the living Washington.”

Houdon’s masterpiece now resides permanently at George Washington’s beloved home, Mount Vernon, some 20 miles south of this hotel.

And in my office I have an exact replica of the bust, just as there are copies throughout Europe.

Did Houdon, the greatest sculptor of kings, queens, czars and presidents believe in life insurance? Yes.

Did John Adams, the second president of the United States of America, believe in life insurance? Yes.

Did Thomas Jefferson, the author of the Declaration of Independence and the third president of the United States of America, believe in life insurance? Yes.

Did Ben Franklin, who negotiated a treaty of alliance with France and secured loans to support the American Revolution, believe in life insurance? Yes.

No less than kings and presidents believe in life insurance. Just like each of you.

But you're more than just believers. You are the pre-eminent representatives for our industry.

And guess what? In all likelihood, you know more about life insurance than John Adams did. Than Thomas Jefferson. Than Benjamin Franklin and Louis XVI.

Life insurance is a true and noble calling, deeply embedded in our nation's history and absolutely essential for America's future.

Tomorrow, when you meet with America's leaders on Capitol Hill, you will remind them of our rich legacy and how vital our products are to our nation.

You are the best advocates for our industry. You are the true believers. That is why you will be such effective advocates tomorrow on Capitol Hill.

Thank you so much.