



# Advisor Newsletter

*(Monthly Newsletter of the Florida Association of Insurance and Financial Advisors)*

**FEBRUARY 2006**

## **LEGISLATIVE AND REGULATORY REPORT**

by Timothy J. Meenan, FAIFA Lobbyist

### **AGENT DISCIPLINE RULES REVISED**

In a previous issue, I alerted you to the Department of Financial Services' proposed revision to rules that govern suspension and revocation of insurance agents' licenses. Some of the revisions are clarifying in nature. However, others appear onerous and needlessly burdensome—particularly, many revisions to penalties the Department may impose. For instance, the proposals provide for many new suspension periods lasting from 3 to 12 months for example, these new suspension periods are being revised to require a 12-month suspension for the sale of unsuitable annuity products to senior consumers in violation of section 627.4554, Florida Statutes. Rule 69B-231.150, Florida Administrative Code, is revised to provide for revoking an agent's license for criminal conduct involving the business of insurance, even though current law only requires a 24-month suspension.

FAIFA plans to testify at the rule hearing scheduled for Monday, February 6, 2006, from 1:30 p.m. to 3:30 p.m., Room 116 Larson Building, 200 E. Gaines Street, Tallahassee. We welcome your input and feedback.

### **THE 2006 LEGISLATIVE SESSION NEARS – SOME TEA LEAVES**

The 2006 Florida Legislature convenes Tuesday, March 7, 2006, for its scheduled two-month session. FAIFA's foremost goal for the session is keeping its members well informed on all of the issues of importance to agents and financial advisors. The Legislature always addresses important issues that impact our lives and the way we do business. This year is no different. Since last regular session, industry representatives and regulators have engaged in dialogue relating to: allowing life insurers to underwrite based on foreign travel, capping rates on closed blocks of long-term care insurance and numerous issues pertaining to fixing our broken property insurance market. Other issues sure to be addressed during the upcoming session include: investor-owned life insurance, the sunset of personal injury protection auto insurance, protecting vulnerable seniors from financial exploitation, preventing identity theft, costly coverage mandates for chronic illnesses such as diabetes and autism, Medicaid reform, Florida KidCare, and other issues.

FAIFA will report on the efforts of the entire staff to assure that our members interests are protected. We will provide you with weblinks to legislation and other important information throughout the session so that you can have the resources you need to follow the issues and participate in the broader debate. Please read the weekly "Session

Dispatch,” attend “Day on the Hill,” and contact your legislators on issues important to our industry. Together, we make a difference.

## CPIC ISSUES BULLETIN RELATING TO 2006 AGENT COMMISSION, RATES, AND UNDERWRITING CHANGES

Citizens Property Insurance Corporation (CPIC) has published Agent Technical Bulletin (ATB #001-06) announcing changes to agent commissions, rates, and underwriting. The changes take effect in March and April of this year. Commission rates for wind-only, commercial-residential and commercial non-residential (HRA) and multi-peril, commercial-residential (CLA) products will be 12 percent, effective March 1, 2006. The freeze has been removed, effective March 1, 2006, on commission rates for wind-only, personal-residential (HRA) and multi-peril, personal-residential (PLA) providing an increase to members on personal residential properties by making the recent rate increase commissionable. The Bulletin provides a chart showing overall average statewide rate increases; some are effective on or after April 1, 2006. Also, the Bulletin provides several links to other related Agent Technical Bulletins. Click the link below to access the CPIC website dedicated to agents.

## SPECIALTY LINKS TO DFS AND THE OFFICE OF INSURANCE REGULATION (OIR)

This year, I want to help empower FAIFA members to get important information to you need when you need it by directing you to pertinent websites. To that end, I will provide you with weblinks from which you may obtain a substantial amount of the latest information available. This issue features links from the Department of Financial Services and the Office of Insurance Regulation.

For access to the latest official information available to the public relating to:

- Department of Financial Services, <http://www.fldfs.com/>
- Workers compensation, <http://www.fldfs.com/wc/index.htm>
- Division of Agents and Agency Services, <http://www.fldfs.com/agents/index.htm>
- Office of Insurance Regulation, <http://www.floir.com/>
- Task Force on Long-Term Solutions for Florida's Hurricane Insurance Market, <http://www.fldfs.com/hurricaneinsurancetaskforce/>

## NAIFA STATEMENT ON PRESIDENT'S STATE OF THE UNION ADDRESS

*(NAIFA released the following statement in response to President Bush's State of the Union address presented January 31, 2006.)*

Last night, President Bush told Congress and the nation his administration's agenda for 2006. NAIFA took particular note of what the president didn't say.

He made no call for fundamental tax reform, nor did he refer to the panel he appointed to examine ways to simplify the national tax code and promote savings. NAIFA is encouraged that it does not appear that the Bush Administration will pursue tax reform initiatives that would undermine the ability of Americans to achieve financial and retirement security.

The savings options contained in the panel's final report, sent to U.S. Treasury Secretary John Snow on November 1, 2005, proposed a direct tax on the cash values that accumulate in permanent life insurance and annuity contracts, also known as inside buildup. This direct tax would discourage Americans from purchasing the only products guaranteed to last a lifetime.

Families need to save, but they also need to protect against the financial loss at death at any age through permanent life insurance. And they must guard against outliving their retirement savings through the guarantees only annuities can provide. The options would needlessly make millions of families vulnerable to the financial risks associated with death while also exposing millions of older Americans to the threat of outliving savings.

For these reasons, NAIFA fought the attack on inside buildup by activating its grassroots advocacy program. NAIFA members participated in a massive letter-writing campaign leading up to the president's address to raise awareness in Washington of the panel report's dangers. NAIFA also worked closely with its industry allies, including the Association for Advanced Life Underwriting and the American Council of Life Insurers, to prevent the proposals from moving forward as they were being entertained by President Bush, the U.S. Treasury Department and Congress.

While President Bush did not indicate he will pursue fundamental tax reform in 2006, NAIFA is by no means claiming victory—the president could raise the issue again in his annual budget message, scheduled for February 7. As it did in the weeks leading up to President's State of the Union address, NAIFA will continue to educate lawmakers and the public on the harm the panel report's savings options pose, as well as promote lifetime financial security for all Americans.

## **NAIFA REJECTS TERM LIFE LICENSE**

*(The following item was excerpted from NAIFA Political Frontline newsletter.)*

At its winter national meeting this month, the full voting membership of the National Association of Insurance Commissioners (NAIC) adopted a resolution supporting NAIFA's opposition to term life licenses. This resolution from the NAIC's plenary body is a powerful tool for any NAIFA state association that faces a term life license proposal. The resolution is available at the NAIFA website. (See hotlink at the bottom of this article. -- Editor)

NAIFA opposes term life licenses because they lower the bar for agent education and qualification. Term licenses are also bad policy because they would limit the products a term licensee can offer a consumer and enable such licensees to consult with consumers without an understanding of any life insurance products other than term. In addition, term life licenses would further complicate the agent licensing system and undermine efforts to make licensing more streamlined and efficient.

The NAIC's Market Regulation and Consumer Affairs (D) Committee had previously adopted the resolution at the NAIC's summer meeting last June. The resolution, which is now official NAIC policy, condemns legislation that would create licenses to sell only term life insurance, warning that a term life license would not preserve necessary consumer protections and is inconsistent with the NAIC's uniform licensing standards.

Aggressive advocacy by NAIFA and its state associations was critical to the progress of the NAIC's resolution. NAIFA had submitted written comments to each member of the D Committee, explaining why the term life license concept should be rejected, and asked state associations whose insurance commissioner is on the D Committee to urge their commissioner to support the resolution. NAIFA Senior Vice President Bill Anderson testified at the summer meeting, explaining that term licenses are contrary to NAIFA's commitment to high standards for agent education, modernization of the agent licensing system, and ensuring that the insurance needs of all Americans are met. This achievement followed the success of NAIFA state associations in Alabama, Illinois and Mississippi, which derailed term life license proposals in their states earlier this year.

## **AHIA EDU-CALL IS FEB. 7 – LONG TERM CARE**

AHIA (Advisors Health Insurance Association -- a conferece of NAIFA) is having its fourth EduCall in this year's series on February 7, 2006 from 1:00pm-2: 00pm EST. The topic will be long term care -- "Selling More Long Term Care Insurance by Utilizing the 'Money exchange' Concept."

Don't miss your opportunity to learn how to:

- Shorten your presentation
- Increase your closing percentages
- Talk to people who would not normally be interested in long-term care.
- Execute an actual plan to present to consumers.

Presented by Terry Truesdell, of National LTC Network; Peter Gelbwalks, Immediate past Chairman of National LTC; and Julie Gewirts, VP Marketing of Gelbwaks Insurance services.

The Edu-Call is sponsored by MET Life Long Term Care and Med America Insurance Company.

Registration fee is only \$25 for AHIA members and \$50 for non-members. Register by contacting Janita Colbert at 703-770-8251 or e-mail her at [Jcolbert@ahia.naifa.org](mailto:Jcolbert@ahia.naifa.org).

## **2006 DAY ON THE HILL – EARLY REGISTRATION DEADLINE IS FEB. 13**

FAIFA Legislative Day On The Hill in Tallahassee is set for Monday-Tuesday, March 13-14, 2006. Early registration deadline is Monday, Feb. 13 (see below to download registration form).

FAIFA Lobbyist Tim Meenan is encouraging as many members as possible to attend this year's event. Your attendance is vital as many insurance-related bills and issues impacting your business are coming up before the Legislature this year. Among them: 1) another attempt to tax agent commissions, 2) another battle over investor-owned life insurance, 3) and some language the Department anticipates introducing regarding conformity with the Producer Licensing Model.

The FAIFA Day On The Hill luncheon begins at 11:30 a.m. on Monday and will feature insurance committee members, and FAIFA Lobbyist Tim Meenan who will discuss issues and talking points for you and your local association delegation to discuss with your legislators that afternoon. At 5:30, FAIFA members, legislators and their aids, and DFS officials, are invited to the FAIFA reception on the 22nd floor of the new Capitol building -- the observation gallery. There, members will have an opportunity to informally visit with our guests from the legislature and the DFS. On Tuesday, members can conclude legislative visits or observe the Legislature in session.

## **FAIFA CAREER CONFERENCE IS JUNE 26-28 AT SHERATON SAND KEY**

Mark your calendar now for the 2006 FAIFA Annual Career Advancement Conference and Expo, June 26-28 at the beautiful Sheraton Sand Key Resort on Clearwater Beach! "GREAT IDEAS: It's New! It's Different! It's Xtreme!" signals an idea-packed conference providing valuable tools to generate more income in your career: speakers to motivate you, valuable seminars on how to sell more effectively, success stories and idea sharing with other attendees to make you more profitable, and a room full of exhibitors with the latest in products and services.

If you're new in the business or seasoned, if you focus on a single practice specialty or you sell all lines of business, if you're securities licensed or not, all in attendance will find the 2006 FAIFA Annual Career Advancement

Conference and Expo packed with money-making ideas !

So mark your calendar now for June 26-28, 2006 and watch for upcoming registration information in the FAIFA Advisor newsletter and FAIFA website.

**FLORIDA ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS**  
1836 Hermitage Boulevard, Suite 200, Tallahassee, Florida, 32308  
E-mail: [info@faifa.org](mailto:info@faifa.org) Website: [www.faifa.org](http://www.faifa.org). Phone (850) 422-1701 FAX (850) 422-2762  
*FAIFA Session Dispatch* -- Tom Ashley, Editor ([ashley@faifa.org](mailto:ashley@faifa.org))