



Advocacy >>



- ★ NAIFA is the preeminent membership association of financial and insurance professionals in the United States, representing a full spectrum of financial services practice specialties. Our members work with families and businesses to help them achieve financial security.
- ★ NAIFA provides producers a national community for advocacy, education and networking along with awards, publications and leadership opportunities to allow our members to differentiate themselves in the marketplace.
- ★ NAIFA has 53 state and territorial chapters and 35 large metropolitan local chapters.
- ★ NAIFA members in every congressional district advocate on behalf of producers and consumers at the state, interstate and federal levels.

“PRO” Act

Adversely impacts producers whose carrier relationships are built on the independent contractor model.

- Redefines independent contractors
- Patterned after the CA “ABC” Test but does not contain the CA exemption.
- US House Passed on March 9th in a 225 – 206 vote.

“ABC” Test

- A. The worker is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact; and
- B. The worker performs work that is outside the usual course of the hiring entity's business; and
- C. The worker is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed."



Part B

- Since the sale of insurance products is part of the usual course of business for an insurer, producers contracted to sell their products would fail Part B and trigger the employee classification threshold.
- However, an agent may be contracted to sell products from over 5, 10, 15+ carriers, in multiple lines of insurance, and can not be reasonably considered an employee of every insurer.

ABC Test as a Model...

The ABC Test is not a good standard for the insurance industry, and if the concerns are not addressed upfront, we could be looking at significant consequences down the road.

- Senator Wyden Proposal to use the ABC test for unemployment insurance
- DOL is working to redefine independent contractors, and expected to use a version of the ABC Test
- Numerous States are exploring or adopting versions , while other states are adopting different variations



CA AB5 & The Carve-Out

The California Legislature recognized that Assembly Bill 5 didn't work for all industries and appropriate carve outs were included.

NAIFA worked with California Legislators to amend language by adding the carve out:

" An employee for the purposes of the National Labor Relations Act does not include individuals who are registered with the SEC or a self-regulatory organization (SRO) or are regulated or subject to regulation by the state's securities or insurance regulator."





Why ABC is a Bad Fit.

- The Insurance and Financial Services industry is a very different independent contractor business model than an Uber, Lyft, DoorDash, style gig economy.
- It's already one of the most regulated industries at both the state and federal levels .
- Agents often enter the business because of the entrepreneurial aspects and hold long term contracts with multiple (20+) different carriers to expand their product offerings



Why ABC is a Bad Fit, cont.

- ★ Employee Status would reduce their portfolio of products available to meet clients needs.
- ★ Limited product offerings could potentially cause issues where producers are held to best interest and fiduciary standards.
- ★ The insurance industry has been able to operate successfully for decades on this model without significant complaints.



Most importantly, our industry is not asking for this.

Legislation should not force a relationship between carrier and producers that they do not want.



Josh O'Gara

Insurance & Benefits Advisor
Founder - O'Gara Financial
Group

- Experience being in a union with UPS and Teamsters Union – they are vital to support workers
- Started in the business in 2006 as a “career” agent with Northwestern
- Contracts with over 20 insurance companies – I want to offer choice to my clients
- Advisors have the choice to work in the career channels if they want more of a W-2 setting but we want to maintain the choice of how to run our own practices



Advocacy >>