

MARCH 6, 1989

TO: SENATOR DOLE  
FROM: CAROLYN SEELY *Carolyn Seely*  
SUBJECT: SPEECH TO PROFESSIONAL INSURANCE AGENTS

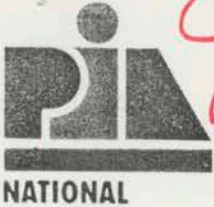
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You are scheduled to address the Federal Legislative Conference of the National Association of Professional Insurance Agents (PIA) at 9:00 a.m. on Tuesday March 7, 1989. You have been asked to speak for 15-20 minutes to leave time for Q&A; however, they will defer to your schedule and preferences.

PIA members sell property and casualty insurance, mostly through Mom & Pop-type small agencies. The audience is expected to number between 250-300. You are the only Member of Congress to speak, and they are hoping for a typical "Bob Dole speech". Following the Conference, the PIA members will be visiting their local Representatives, and you might refer to these upcoming visits in your talk.

In addition to your political overview, the specific legislative issues of most concern to these agents are the threat of competition from banks seeking insurance powers, McCarran-Ferguson repeal, Section 89 and consumer protection initiatives, such as the California Proposition 103. The primary emphasis should probably be on the bank powers issue.

The property/casualty industry itself is likely to seek tax relief this Congress once data is available to show that the tax impact of loss reserve discounting (enacted in 1986) is greater than expected. This issue could be paired with reconsideration of life company taxation, since early reports indicate that this industry, by contrast, is underpaying.



NATIONAL ASSOCIATION OF  
PROFESSIONAL  
INSURANCE  
AGENTS

400 NORTH WASHINGTON ST.  
ALEXANDRIA, VA 22314  
703/836-9340  
FAX 703/836-1279



February 14, 1989

Hon. Robert Dole  
Republican Leader  
United States Senate  
141 Hart SOB  
Washington, D.C. 20510

Dear Mr. Leader,

The National Association of Professional Insurance Agents will be holding its annual Federal Legislative Conference on March 6-9. In past years, you have been kind to meet with and speak to members of our association.

This year, we would be honored if you could attend as featured speaker at our legislative breakfast on Tuesday, March 7. The event is scheduled from 7 to 8:30 a.m. at the Crystal Gateway Marriott. If you wish to bypass the breakfast itself, a later arrival (7:30 or so) would be fine.

Again, we would be deeply grateful to have you speak at this event. An honorarium is available. Please respond to Joel Wood of our staff (836-9340). Thank you for your leadership and friendship to our industry and the country.

Sincerely,

Patricia Borowski  
Vice President/ Government and Industry Affairs

PB:jw

2/23 Advised Joel Sen. would do at 9:00 am

\$2,000

*Jayce*  
*Senator,*  
*Do you want to*  
*do this*  
*yes*  
*no*

*Speak*

*March 7*

*July*  
*8:15 am*  
*8:45 am*  
*9:00 am*

*B*

*Crystal Gateway Marriott*  
*Washington*  
*Carolyn*

*Speak at 8:15 or 8:20*  
*or at 9:00 am*

*Any other time?*  
*How many?*  
*8/1?*

*9:44*





*Joel*  
February 24, 1989

NATIONAL ASSOCIATION OF  
**PROFESSIONAL  
INSURANCE  
AGENTS**

Ms. Betty Meyer  
Office of Sen. Dole  
SH-141  
Washington, D.C. 20510

Dear Betty,

My sincere thanks again for your assistance in securing Sen. Dole's speaking engagement before PIA's Federal Legislative Conference at 9 a.m. on Tuesday, March 7.

Sen. Dole will be our featured speaker at our General Session in Salon H,J,K of the Crystal Gateway Marriott Hotel at 1700 Jefferson Davis Highway (please note: this is not the Crystal City Marriott, which is nearby). I will arrange to meet the senator at the door.

Ideally, we would like the senator to speak for 15-20 minutes with time for Q&A, and we will be sensitive to his time needs. We expect a crowd of more than 200. I have spoken with David Taylor about the substance of the speech, but naturally our members would like to hear any general comments from the senator, with perhaps a bit of emphasis on banking legislation.

I will follow up with you about arrangements for the honorarium.

Again, many thanks. We are excited to have a person of Sen. Dole's national stature speaking to our group. I promise a highly friendly audience.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Joel'.

Joel Wood  
Federal Affairs Representative

400 NORTH WASHINGTON ST.  
ALEXANDRIA, VA 22314  
703/836-9340  
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**FEDERAL  
LEGISLATIVE  
CONFERENCE**  
March 6-9, 1989

## TALKING POINTS PROFESSIONAL INSURANCE AGENTS -- MARCH 7, 1989

- O THANK YOU FOR INVITING ME TO SPEAK WITH YOU  
  
THIS MORNING.
- O FIRST OF ALL, I BELIEVE THAT PRESIDENT BUSH IS  
  
OFF TO A GOOD START. UNLIKE PRESIDENT REAGAN  
  
WHEN HE TOOK OFFICE, THIS PRESIDENT IS ON A  
  
FIRST NAME BASIS WITH MOST MEMBERS OF  
  
CONGRESS -- BOTH DEMOCRAT AND REPUBLICAN.  
  
AND HE IS COMFORTABLE DEALING WITH CONGRESS.

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O THE PRESIDENT HAS MADE REDUCING THE BUDGET DEFICIT HIS NUMBER ONE LEGISLATIVE PRIORITY. HIS FIRST MEETING WITH CONGRESSIONAL LEADERS, WHICH I ATTENDED, WAS A BIPARTISAN MEETING ON THE DEFICIT THAT LASTED TWO HOURS. SINCE THEN THE PRESIDENT HAS INDICATED THAT HE IS PREPARED TO NAME HIS NEGOTIATORS AND TO SIT DOWN WITH THE CONGRESS AS SOON AS THE DEMOCRATIC LEADERSHIP IS READY.



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## THE BUSH BUDGET

O IN ADDITION, PRESIDENT BUSH HAS MADE GOOD ON HIS CAMPAIGN PROMISES TO PRODUCE A KINDER AND GENTLER BUDGET AND TO MEET THE GRAMM-RUDMAN-HOLLINGS TARGETS WITHOUT RAISING TAXES. NOW I DIDN'T REALLY APPRECIATE THE MERITS OF THE FLEXIBLE FREEZE UNTIL NEW HAMPSHIRE. BUT THE CONCEPT IS REALLY QUITE SIMPLE. IT MERELY RESTRAINS THE GROWTH IN FEDERAL SPENDING TO THE RATE OF INFLATION.

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O EVEN WITHOUT ANY CHANGES IN CURRENT POLICY,  
  
FEDERAL REVENUES WILL INCREASE BY MORE THAN  
  
\$80 BILLION IN 1990. WITH THIS REVENUE GROWTH, IT  
  
WILL BE POSSIBLE TO MEET THE 1990 G-R-H DEFICIT  
  
TARGET, IF CONGRESS STICKS TO THE PRESIDENT'S  
  
PLAN.

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- O MOREOVER, IN SPITE OF THE CLAIMS MADE BY SOME DEMOCRATS, THIS BUDGET DOES NOT LEAVE THE TOUGH CHOICES TO CONGRESS. THE PRESIDENT HOLDS DEFENSE GROWTH TO THE RATE OF INFLATION, AND SIGNIFICANTLY CUTS OTHER PROGRAMS.

#### WHY CONGRESS NEEDS TO COME TO THE BARGAINING

#### TABLE

- O PRESIDENT BUSH'S BUDGET MAY NOT BE ALL THINGS TO ALL PEOPLE -- NO RESPONSIBLE BUDGET EVER IS -- , BUT HIS BUDGET IS A SERIOUS, WORKABLE FIRST STEP. NOW, THE DEMOCRATS NEED TO LAY THEIR



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CARDS ON THE TABLE, SO THAT BUDGET  
NEGOTIATIONS CAN BEGIN.

- O MOREOVER, AS YET NO DEMOCRAT, NOT EVEN THE  
DEMOCRATIC APPOINTEES TO THE NATIONAL  
ECONOMIC COMMISSION WHO DISAGREE WITH THE  
PRESIDENT, HAS COME UP WITH A CONSTRUCTIVE  
ALTERNATIVE. THE DEMOCRATS APPARENTLY  
PREFER TO CRITICIZE THE PRESIDENT, RATHER THAN  
TAKE PART IN NEGOTIATIONS TO SOLVE THIS  
PROBLEM.

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- O I BELIEVE THAT IT IS IMPORTANT THAT WE  
  
ACCELERATE THE NORMAL BUDGET PROCESS WHICH  
  
CAN DRAG ON UNTIL OCTOBER OR NOVEMBER.  
  
IMPORTANT DEADLINES ARE LOOMING: THE SENATE  
  
BUDGET COMMITTEE IS REQUIRED TO REPORT A  
  
BUDGET RESOLUTION BY APRIL 1. WITH A TWO WEEK  
  
EASTER RECESS AT THE END OF MARCH, ONLY  
  
THREE WEEKS ARE LEFT TO COMPLETE THAT WORK  
  
ON TIME.

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O STARTING BUDGET NEGOTIATIONS NOW IS THE ONLY RESPONSIBLE THING TO DO. THE FINANCIAL MARKETS ARE NERVOUSLY AWAITING A SIGNAL THAT CONGRESS INTENDS TO ACT RESPONSIBLY TO MEET ITS DEFICIT REDUCTION TARGETS WITHOUT A SEQUESTER. IN RESPONSE TO ACCELERATING PRICE GROWTH, THE FEDERAL RESERVE HAS RAISED THE DISCOUNT RATE FOR THE FIRST TIME SINCE AUGUST, 1988, AFFECTING EVERYTHING FROM THE PRIME RATE TO HOME MORTGAGES.



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O SQUABBLING OVER THE BUDGET PREVENTS US FROM  
MOVING FORWARD ON THE APPROPRIATIONS  
PROCESS, AS WELL AS TACKLING IMPORTANT  
PROBLEMS LIKE THE SAVINGS AND LOAN CRISIS. THE  
PRESIDENT SHOULD NOT HAVE HIS LEGISLATIVE  
AGENDA HELD HOSTAGE BY A CONGRESS THAT  
PREFERS TO POINT FINGERS RATHER THAN FACE UP  
TO THE TOUGH BUDGET CHOICES.

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## TAXES

- O I AGREE WITH THE PRESIDENT THAT TO BALANCE THE BUDGET WE NEED TO LOOK AT SPENDING CUTS AND NOT NEW TAXES. I DO NOT BELIEVE TAX INCREASES ARE A SUBSTITUTE FOR SPENDING RESTRAINT TO REDUCE THE FEDERAL BUDGET DEFICIT.
- O I ALSO BELIEVE THAT KEEPING THE LOWER RATES ENACTED IN 1986 IS VERY IMPORTANT, BOTH AS AN ECONOMIC INCENTIVE AND TO CONVINCE TAXPAYERS THAT OUR TAX LAWS ARE FAIR. IN 1987, I INTRODUCED A RESOLUTION ADOPTED BY THE SENATE THAT WE SHOULD NOT ATTEMPT TO REDUCE THE DEFICIT BY TAMPERING WITH TAX RATES.

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O THE BUDGET PROPOSED BY PRESIDENT BUSH MAKES GOOD ON HIS CAMPAIGN PROMISES TO MEET THE GRAMM-RUDMAN-HOLLINGS DEFICIT TARGETS WITHOUT RAISING TAXES. SOME DEMOCRATS HAVE INDICATED THAT THE PRICE FOR ENACTING SOME OF THE PRESIDENT'S PROGRAMS, SUCH AS LOWER CAPITAL GAINS TAXES, MUST BE INCOME TAX RATE INCREASES. I BELIEVE THEY WILL FIND THAT WHEN THE PRESIDENT SAID "NO NEW TAXES", HE MEANT IT. THAT INCLUDES EXCISE TAXES, AS WELL AS RATE INCREASES.



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## BANK POWERS

O I KNOW THAT YOU ARE CONCERNED ABOUT THE PROSPECT OF EXPANDED INSURANCE POWERS FOR BANKS. A LOT OF PEOPLE HAVE SPECULATED THAT THE S&L ISSUE WILL PUT BANK POWERS -- INCLUDING THE POWER TO ENGAGE IN THE INSURANCE BUSINESS -- BACK ON THE AGENDA. I CAN TELL YOU THAT, ON THE SENATE SIDE, BOTH THE CHAIRMAN AND THE RANKING MEMBER OF THE BANKING COMMITTEE BELIEVE THAT PUTTING BANK POWERS ON THE TABLE WILL DELAY ACTION ON THE SAVINGS & LOAN CRISIS. I AGREE.

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O THE COST OF BAILING OUT THE THRIFT INDUSTRY HAS BEEN GROWING AT A RATE OF \$1 BILLION A MONTH. WE CAN'T AFFORD TO HOLD THIS UP ANY LONGER. THEREFORE, I BELIEVE THAT THE BANKING COMMITTEES WILL DEFER ACTION ON EXPANDED BANK POWERS UNTIL S & L BAILOUT LEGISLATION HAS CLEARED BOTH HOUSES OF CONGRESS.

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O NEVERTHELESS, IT IS VERY LIKELY THAT THE ISSUE OF BANK POWERS WILL RESURFACE THIS YEAR. LAST YEAR'S FINANCIAL MODERNIZATION ACT, INTRODUCED BY SENATOR PROXMIRE, PASSED THE SENATE OVERWHELMINGLY (94-2) AND ONLY DIED IN THE HOUSE DUE TO JURISDICTIONAL DISPUTES BETWEEN THE CHAIRMEN OF THE HOUSE BANKING AND ENERGY AND COMMERCE COMMITTEES.



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O IN ADDITION, LAST FRIDAY THE FEDERAL RESERVE  
  
OPENED THE DOOR BY RULING THAT A BANK  
  
HOLDING COMPANY WHICH ACQUIRED A  
  
STATE-CHARTERED BANK WITH INSURANCE POWERS  
  
COULD CONTINUE TO CONDUCT THE INSURANCE  
  
BUSINESS THROUGH THE SUBSIDIARY. THIS RULING  
  
ONLY AFFECTS COMPANIES IN THOSE STATES WHICH  
  
GRANT INSURANCE POWERS TO BANKS, BUT IT IS A  
  
BEGINNING. AND IT MAKES CONGRESSIONAL ACTION  
  
MORE TIMELY.

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## MCCARRAN-FERGUSON REPEAL

- O SENATOR METZENBAUM INTENDS TO REINTRODUCE  
  
LEGISLATION TO REPEAL THE INSURANCE  
  
INDUSTRY'S LONG-STANDING EXEMPTION FROM THE  
  
ANTI-TRUST LAWS. NOT SURPRISINGLY,  
  
MCCARRAN-FERGUSON REPEAL WAS RECENTLY  
  
ENDORSED BY THE AMERICAN BAR ASSOCIATION.  
  
THE SENATE JUDICIARY COMMITTEE FAILED TO BRING  
  
SIMILAR LEGISLATION TO THE SENATE FLOOR LAST  
  
CONGRESS, BUT THERE IS NO INDICATION THAT THEY  
  
WILL REFRAIN FROM ACTING THIS YEAR.

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SECTION 89

O IN ADDITION, I KNOW THAT YOU ARE CONCERNED ABOUT THE ADMINISTRATIVE BURDENS IMPOSED ON HEALTH AND WELFARE BENEFIT PLANS BY SECTION 89 OF THE INTERNAL REVENUE CODE. I HAVE RECEIVED LETTERS FROM BUSINESSMEN ACROSS THE COUNTRY WHO ARE SIMILARLY CONCERNED. IN MANY CASES, THESE COMPLAINTS ARE JUSTIFIED.



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- O LAST YEAR, I SUPPORTED SUBSTANTIVE CHANGES TO  
SIMPLIFY SECTION 89 IN THE TECHNICAL  
CORRECTIONS ACT. SEVERAL OF THESE PROVISIONS  
WERE DESIGNED SPECIFICALLY TO EASE  
COMPLIANCE BURDENS FOR SMALL BUSINESSES.
- O I RECOGNIZE THAT THESE CHANGES ARE NOT  
ENOUGH, AND FRANKLY, I WOULD HAVE PREFERRED  
TO DO EVEN MORE TO SIMPLIFY THESE RULES.  
ACCORDINGLY I HAVE COSPONSORED LEGISLATION

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TO DELAY THE EFFECTIVE DATE OF SECTION 89 TO  
GIVE CONGRESS THE TIME TO REVIEW THIS  
PROVISION. MY STAFF IS ACTIVELY WORKING WITH  
STAFFS OF OTHER FINANCE COMMITTEE MEMBERS  
AND INDUSTRY EXPERTS TO TRY TO DEVELOP  
WORKABLE TESTS.

- O LONG-AWAITED TREASURY REGULATIONS  
INTERPRETING SECTION 89 WERE ISSUED LAST  
WEEK. UNFORTUNATELY, OTHER THAN ALLOWING  
SOME ADDITIONAL START-UP TIME, THESE  
REGULATIONS DO NOT SIMPLIFY THE SECTION 89  
RULES APPLICABLE TO SMALL BUSINESSES.

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- O INDEED, EVEN THE CHAIRMAN OF THE WAYS AND  
MEANS COMMITTEE, WHO HAS REPEATEDLY  
DEFENDED SECTION 89 IN THE PAST, HAS NOW  
ACKNOWLEDGED THAT THESE RULES NEED  
SIMPLIFICATION.
- O I HOPE THAT THE FINANCE COMMITTEE WILL STUDY  
THIS ISSUE AND DECIDE WHETHER OR NOT THESE  
PROVISIONS CAN EVER BE MADE TO WORK FAIRLY  
AND EFFECTIVELY. THE AIM OF SECTION 89 -- TO  
DENY A FEDERAL TAX SUBSIDY TO DISCRIMINATORY



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BENEFIT PLANS -- IS VALID. BUT, IN MY JUDGMENT,  
THE PRICE OF THE CURRENT RULES IN TERMS OF  
COMPLEXITY AND BURDENS ON AMERICAN BUSINESS  
IS CLEARLY TOO HIGH.

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## CONCLUSION

- O THE BOTTOM LINE -- WHEN WE'RE TALKING ABOUT  
KEY ECONOMIC ISSUES LIKE THE DEFICIT, TAXES,  
AND GOVERNMENT REGULATION -- IS THAT THESE  
PROBLEMS WON'T BE SOLVED UNLESS WE ALL START  
WORKING TOGETHER. THAT INCLUDES NOT ONLY  
THE PRESIDENT AND CONGRESS, BUT ALSO THE  
BUSINESS COMMUNITY.

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- O YOU HAVE A KEY ROLE TO PLAY. IN YOUR  
  
PARTICULAR INDUSTRY, YOU HAVE LEARNED TO  
  
PROTECT PEOPLE'S HOMES AND PROPERTY FROM  
  
LOSS DUE TO PHYSICAL CATASTROPHES. I HOPE  
  
THAT YOU WILL JOIN WITH US IN CONGRESS IN  
  
TRYING TO PROTECT THEM FROM LOSS DUE TO  
  
FISCAL CRISES AS WELL.
  
- O THANK YOU.