



A Letter from the Executive Director

NATIONAL ALLIANCE OF LIFE COMPANIES *An Association of Life and Health Insurance Companies*

June 30, 2010



Dear Member:

Enclosed you will find the NALC newsletter for the month of June, 2010. We hope you are having an enjoyable and productive summer, and that business is going well.

First of all, let me remind you of our monthly conference calls on preneed legislation around the country. It's a great way to keep current on pending legislation in the states, and learn about industry efforts to address regulatory challenges.

As I write this cover letter, word has leaked out that the congressional conference committee will revisit the bank tax provision of its conference report on the Financial Services Bill. This shows how difficult it is to move massive legislation in Congress, and how particularly hard it becomes if you don't have 60 votes in the Senate. While the bill will ultimately pass, it foreshadows the Congress of next year, when the margin between Democrats and Republicans narrows dramatically. The net result will make it impossible to move big pieces of legislation for either party, and the term "gridlock" will make a comeback.

I read recently that the American political system was like an ocean tide, ebbing back and forth. In 1994, the tide came further in for Republicans. In 2008, the Democrats enjoyed the surge. Ultimately, the tide recedes and washes away the spoils of victory for each party, creating a new, but temporary, reality. That's the beauty of our system, which casts no permanent majority, and which requires parties to constantly seek new leaders and new ideas.

The "new reality" of 2008 produced big changes in our system - a more activist government, health insurance changes, and a stimulus bill. Given the presidential veto, it's hard to imagine that the new reality of 2010 will produce rollbacks in health insurance reform, but it will likely require President Obama to adopt President Clinton's approach of incremental change, if he is to have any legislative success.

Moving on to other NALC business, I am sending you an invitation to our Fall Meeting in Stowe, Vermont, by separate letter. That meeting will be held September 22 to 24, 2010. We think it will be a great meeting, and look forward to your attendance. We are calling this the Gerry Kraus Conference, in recognition of Gerry's great love of Vermont.

I attend the NCOIL meetings next week in Boston, and the NAIC meetings later in the summer in Seattle. Both meetings should be interesting, given the big changes that have occurred over the last few months.

As always, let us know if you need any assistance.

Sincerely,

Jim Hodges
Executive Director