NAIFA
OREGON
National Association of Insurance and Financial Advisors - Oregon

Testimony in opposition to SB 95 B

Chairman Barker and Members of the Committee,

NAIFA-Oregon supports protecting elderly and vulnerable clients from financial exploitation. Our members work with people daily to help them secure financial independence and the last thing we want to see is a person's savings being taken from them illegitimately. With that as the background, we still have some concerns with this bill.

New federal rules (attached) have just been enacted by FINRA (Financial Industry Regulatory Authority, Inc.) to combat this problem and we believe this bill should be changed to work in harmony with those rules. Under those rules, agents report suspected financial exploitation to their supervisors inside the company and the company has the authority to hold fund disbursement while conducting a review.

If mandatory reporting is the goal of the state, NAIFA believes it should be the company, not the individual "qualified agent" which should do the reporting. This would keep agents from getting involved in family issues, which under the definition of "financial exploitation" in this bill, is a very likely scenario to be reported. For Example: An Agent has a client, an elderly widow who has a child who is receiving large monthly payments from the mother. The child seems to do no work for the mother other than being named as a third party on the investment accounts. The mother is aware of these payments and has authorized them.

An additional concern NAIFA has with the bill is training and educating license holders on these new requirements. Agent associations, such as NAIFA, who offer continuing education credit classes will be able to help with training for Insurance license holders who are required to get continuing education to maintain licenses.

For new Securities licensees, DCBS can and should build into the required exams testing on these new requirements. For existing license holders, there is no requirement for continuing education, so training those license holders is a concern which until now we have not heard a solution for.

A final concern NAIFA has with the bill is the minimal fiscal statement as it passed the Senate. The bill offers immunity from prosecution to those who report in good faith, but no such immunity to those who don't report in good faith. It is NAIFA's opinion that this will result in a large amount of overreporting.

DCBS testimony to the Senate was that 16% of Oregonians meet the definition of “vulnerable person” as defined by this bill. The testimony went on to say that nationally 20% of this population are victims of fraud and that only 1 in every 44 cases are reported. If those numbers are accurate, are DCBS and the other agencies equipped to handle thousands, or tens of thousands of reports?

This division in DCBS is currently funded almost entirely by fees on licensee’s. If the agency, or other agencies, experiences a budget shortfall due to large numbers of reports how will it be made up? Will DCBS seek a license fee increase to balance their budget? NAIFA members are not likely to support raising the fees on agents to cover the cost of this requirement when we believe the FINRA rules model is a more realistic method to address this problem.

Thank you for allowing me to testify,

Roger Beyer