

## **Executive Summary**

### **NAR INSURANCE TASK FORCE MEETING RECOMMENDATIONS**

#### **I. Recommendations Regarding a Comprehensive Natural Disaster Policy**

A. Recommendation: That NAR amend its Statement of Principles to include support for first responders as a necessary component of any federal disaster policy.

B. Recommendation: That NAR, as part of a comprehensive natural disaster policy solution to address concerns about property and casualty insurance availability and affordability, support legislative proposals to: 1) establish a federal commission of insurance experts to study the issue and report to Congress its findings, 2) streamline the existing system of regulation for “surplus lines” of insurance, 3) extend the Liability Risk Retention Act to include insurance for commercial properties, and 4) create of incentives for mitigation activities including a federal mitigation loan program and mitigation tax credits.

C. Recommendation: That NAR staff be directed to work with Congressional staff to further develop and refine the following concepts: 1) creation of a federal “backstop” for insurance companies to prevent market failure, 2) creation of personal catastrophe savings accounts, 3) increased funding for critical infrastructure (e.g., levees, dams), and 4) tax deductions for taxpayers whose insurance premiums have increased significantly in recent years.

D. Recommendation: That NAR not support legislative proposals to allow policyholders who have been denied coverage to buy insurance through the National Flood Insurance Program.

E. The Task Force chose to take no position on proposals to 1) allow insurance companies to set aside tax-deferred reserves for future catastrophic events and 2) amend the NFIP to include multiple-peril policies.

#### **II. Recommendations Regarding NAR Policy on the National Flood Insurance Program**

A. Recommendation: That the existing NAR Policy on Disaster Prevention, Relief and Insurance be amended by removing language that supports subsidies for second homes, vacation homes, and rental properties.

B. Recommendation: That NAR advocate for the completion of the Federal Emergency Management Agency (FEMA) map modernization program before any additional measures imposing additional mapping requirements on FEMA that may delay updating the current 100 year flood plain maps

C. Recommendation: That NAR advocate for the establishment of a public education campaign to make all potential tenants and homebuyers aware of the following facts: 1) some residential properties may be located in high-risk flood areas, 2) flood insurance is available under the National Flood Insurance Program (NFIP), 3) the maximum amount of coverage available through the NFIP, and 4) where to obtain NFIP coverage. Such a program would be more effective than a proposed informational brochure for tenants at educating more people, i.e. both tenants and potential homebuyers, of the risks involved in living in high-risk flood areas as well as the availability of NFIP coverage.

# **NAR INSURANCE TASK FORCE MEETING SUMMARY AND RECOMMENDATIONS**

## **I. Overview**

The first meeting of the 2007 NAR Insurance Task Force (“Task Force”) took place in Washington, DC on April 11 and 12. The Task Force heard from NAR staff and outside speakers about several issues including the availability and affordability of insurance for homeowners and commercial property owners, terrorism insurance, and proposed reforms to the National Flood Insurance Program (NFIP). The Task Force reviewed legislative proposals and concepts and made six recommendations. These recommendations and the corresponding rationales are set forth after the meeting summary.

## **II. Summary of Meeting**

The newly-reconstituted Insurance Task Force met April 11-12 in Washington, DC. Task Force members present at the meeting included: Chair Sharon Millett (ME), Gail Duke (NY), Robert Fleck (PA), Nick French (NM), Jo Jenkins (IA), Frank Kowalski (FL), Bob Kulick (CA), Vincent Malta (CA), Michael McGrew (KS), Stan Sieron (IL), Jill Stone (ID), and Kenneth Warden (KY).

NAR staff briefed the Task Force on the Congressional agenda for the 110<sup>th</sup> Congress. The Task Force reviewed recommendations from the 2002 Insurance Task Force and existing NAR insurance-related policies. The Task force was briefed on current NAR-sponsored research activities, Congressional efforts on insurance regulatory reforms, and terrorism insurance reauthorization efforts.

Bill McInturff of Public Opinion Strategies and Faith Passy-Lewis of the Mellman Group, two nationally-renowned polling firms, briefed the Task Force on the results of an NAR-sponsored national survey of registered voters regarding property and casualty insurance issues. The survey gauged voters’ responses about insurance availability and affordability concerns and their opinions about potential solutions. [A similar nationwide survey of REALTORS® was nearly complete at the time of the meeting, but only preliminary results were available at the time of the meeting.]

Brett Palmer, Managing Director of Government Relations, for the National Association of Insurance Commissioners (NAIC), and Eric Nordman, the NAIC property and casualty insurance expert, briefed the Task Force on the role of the NAIC, provided NAIC perspectives on pending legislation in Congress addressing property and casualty insurance availability and affordability concerns, explained how risk retention groups function, and talked about legislation to reform the National Flood Insurance Program.

The Task Force spent considerable time reviewing and discussing more than a dozen concepts (many, but not all of which are included in existing legislation) that Congress may consider as part of a comprehensive solution to the problem of insurance availability and affordability in disaster-prone areas. Additional details about this discussion can be found in Section III below. Recommendations from this discussion appear at the end of this document.

The Task Force also reviewed, section-by-section, legislation introduced in the House of Representatives, H.R. 1682, that seeks to reform the National Flood Insurance Program. Additional details about this discussion can be found in Section IV below. Recommendations from this review and discussion can be found at the end of this document.

The Task Force decided that, in order to give proper attention to small business health insurance needs, a future meeting should be dedicated to the issue. The Task Force will meet again in June.

### III. Natural Disaster Legislation

The Task Force discussed 12 concepts that could help improve the availability and affordability of property and casualty insurance, especially in disaster-prone areas of the country. Many, but not all of these concepts are embodied in legislation that has been introduced in the 110<sup>th</sup> Congress. There is no one bill that presents a sufficiently comprehensive approach that would have a significant impact on insurance availability and affordability.

Two members of the House Committee on Financial Services are developing legislation to address insurance availability and affordability. Rep. Barney Frank (D-MA), Chairman of the Committee, has expressed an interest in passing such legislation during the 110<sup>th</sup> Congress. He is relying on two first-term Representatives, Ron Klein (D-FL) and Tim Mahoney (D-FL), to develop a bill, which may be introduced this summer.

The Task Force discussed and offered opinions on concepts, not actual bills. The Task Force also discussed and debated NAR's Statement of Principles on the issue.

### IV. National Flood Insurance Program Reform Legislation (H.R. 1682)

The Task Force reviewed a summary of provisions of H.R. 1682, the Flood Insurance Reform and Modernization Act of 2007, introduced by Rep. Barney Frank (D-MA), Chair of the House Committee on Financial Services, and Rep. Judy Biggert (R-IL), Ranking Republican on the Subcommittee on Housing and Community Opportunity. The committee is likely to consider the bill later this year. A number of provisions in the bill would have an impact on REALTORS®.

The Task Force supported the objectives of the bill, namely: to protect the integrity of the National Flood Insurance Program by fully funding existing legal obligations to existing NFIP policyholders who have paid policy premiums in return for flood insurance coverage and to pay debt service on funds borrowed by the NFIP; increase incentives for homeowners and communities to participate in the national flood insurance program and to improve oversight to ensure better accountability of the NFIP and FEMA; and increase awareness of homeowners of flood risks and improve the quality of information regarding such risks provided to homeowners.

The Task Force supported many of the provisions of the bill and took no position on several other provisions. The Task Force opposed no provisions of the bill, but did offer comments and suggestions relating to a few provisions, one of which would require a change in

the NAR Policy on Disaster Prevention, Relief and Insurance. Specifically, the Task Force supported the bill's provision (Section 4) to phase out subsidies for non-residential properties and non-primary residences beginning in January 2011.

V. Issues for Future Meetings

- A. Small Business Health Coverage policy review
- B. Insurance Reform Issues – Optional Federal Charter for Insurance
- C. Antitrust Issues (McCarran-Ferguson Act)
- D. Mitigation incentives; proposals re: homeowners' insurance premium deductibility

VI. Next Steps

The recommendations from the April meeting of the Task Force will be presented to President Combs and the Leadership Team for review and consideration.

The Task Force is planning to meet again in June. The primary focus of that meeting will be to discuss health insurance issues. With the change in the leadership of the Congress and the opposition of the new chairs of the committees with jurisdiction over health issues make it unlikely that last year's small business health plan (SBHP) legislation supported by NAR and the small business community will advance this session. Health insurance reform will be a major focus of both the 2008 Presidential campaign and future Congressional action. If NAR is to continue its involvement in the health insurance issue, additional policy will be required.

## **Insurance Task Force Recommendations from the April 2007 Meeting**

### **I. Recommendations Regarding a Comprehensive Natural Disaster Policy**

A. Recommendation: That NAR amend its Statement of Principles to include support for first responders as a necessary component of any federal disaster policy.

Rationale: NAR's disaster advocacy efforts have been guided by six core principles that express the need for a comprehensive approach to address the availability and affordability of property and casualty insurance. After hearing the results from the nationwide survey of registered voters, a proposal was made that NAR add a seventh principle that would acknowledge the importance of first responders to natural catastrophes.

#### Current NAR Statement of Principles

NAR supports the creation of a federal policy to address catastrophic natural disasters that:

- 1) Protects property owners by ensuring that transparent and comprehensive insurance coverage is available and affordable, with premiums being reflective of the risk involved;
- 2) Acknowledges the importance of personal responsibility of those living in high-risk areas to undertake mitigation measures, including the purchase of adequate insurance;
- 3) Provides property owners adequate incentives to undertake mitigation measures where and when appropriate;
- 4) Acknowledges the importance of building codes and smart land use decisions while also emphasizing that proper enforcement of both is best left in the hands of state and local governments;
- 5) Recognizes the role of States as the appropriate regulators of property insurance markets while identifying the proper role of federal government intervention in cases of mega-catastrophes; and
- 6) Reinforces the proper role of all levels of government for investing in and maintaining critical infrastructure including levees, dams, and bridges.

B. Recommendation: That NAR, as part of a comprehensive natural disaster policy solution to address concerns about property and casualty insurance availability and affordability, support legislative proposals to: 1) establish a federal commission of insurance experts to study the issue and report to Congress its findings, 2) streamline the existing system of regulation for "surplus lines" of insurance, 3) extend the Liability Risk Retention Act to include insurance for commercial properties, and 4) create of incentives for mitigation activities including a federal mitigation loan program and mitigation tax credits.

Rationale: The Task Force reviewed, discussed and debated thirteen policy concepts designed to improve the availability and affordability of property and casualty insurance in disaster-prone

areas. These four concepts received the unqualified support of the Task Force. New policy would be required in order to support legislation advocating the surplus lines and mitigation proposals.

C. Recommendation: That NAR staff be directed to work with Congressional staff to further develop and refine the following concepts: 1) creation of a federal “backstop” for insurance companies to prevent market failure, 2) creation of personal catastrophe savings accounts, 3) increased funding for critical infrastructure (e.g., levees, dams), and 4) tax deductions for taxpayers whose insurance premiums have increased significantly in recent years.

Rationale: The Task Force was in general agreement that the policy concepts listed above, properly structured, could be helpful in improving the availability and affordability of property and casualty insurance in disaster-prone areas.

D. Recommendation: That NAR not support legislative proposals to allow policyholders who have been denied coverage to buy insurance through the National Flood Insurance Program.

Rationale: The Task Force reasoned that such a proposal would inappropriately expand the scope of the NFIP at a time when the program is financially fragile. Moreover, such an expansion could significantly interfere with the functioning of the existing private property casualty insurance market.

E. The Task Force chose to take no position on proposals to 1) allow insurance companies to set aside tax-deferred reserves for future catastrophic events and 2) amend the NFIP to include multiple-peril coverages. Concerns included the potential “fungibility” of tax-deferred reserves and inappropriate expansion of the scope of the already challenged NFIP.

## **II. Recommendations Regarding NAR Policy on the National Flood Insurance Program**

A. Recommendation: That the existing NAR Policy on Disaster Prevention, Relief and Insurance be amended by removing language that supports subsidies for second homes, vacation homes, and rental properties.

Rationale: The Task Force believed that the National Flood Insurance Program (NFIP) must be reformed to insure the long-term viability of the program and access to the program for those who are required to carry flood insurance. NFIP currently subsidizes flood insurance premiums for properties located in special flood hazard zones and built prior to the establishment of the flood insurance program (i.e. so-called pre-FIRM<sup>1</sup> properties). While these subsidies are appropriate for pre-FIRM principal residences, they create an un-level playing field for rental, income and commercial properties based solely on the age of the property. While a subsidy may have been prudent for all properties when the NFIP was first created to minimize the burden placed on owners and allow for a smooth transition into the program, the Task Force felt this rationale is no longer a valid reason to support subsidies for these properties, especially in a time when the long-term viability of the NFIP is in jeopardy.

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<sup>1</sup> Pre-FIRM is a shorthand means of referring to properties that were built before the Flood Insurance Rate Maps (FIRM) were drawn.

## Current NAR Policy on Disaster Prevention, Relief and Insurance

The primary emphasis of federal disaster programs should be the development of a highly coordinated system for prevention and for remedial assistance.

The goal of any federal natural disaster program should be the promotion of available and affordable insurance for residential and commercial properties in disaster-prone areas.

A uniform policy for administering the flood insurance program should be adopted, eliminating the existing double standard which denies insurance coverage for certain flood prone areas, such as coastal barriers, wetlands, and other environmentally sensitive areas, yet retains coverage for the remainder of the United States subject to flooding. Administrative and legislative actions to alter the federal flood insurance program or disaster prevention regulations must ensure legitimate property rights and reasonable development opportunities are not abridged.

*The federal flood insurance program should continue to include subsidies for second homes, vacation homes and rental properties. Non-primary residences should be given the same consideration as primary residences.*

The federal flood insurance program should impose "full risk" premiums for flood insurance on repetitive loss structures that have repeatedly (i.e., more than two occurrences) suffered insured flood losses and have declined a reasonable offer of mitigation funding from FEMA, except in states which have been granted a federal exemption.

Funding should be appropriated to FEMA's flood hazard mapping program that is sufficient to provide for the updating and modernization of FEMA's flood hazard mapping system. NAR will work in conjunction with FEMA to develop a funding plan.

B. Recommendation: That NAR advocate for the completion of the Federal Emergency Management Agency (FEMA) map modernization program before any additional measures imposing additional mapping requirements on FEMA that may delay updating the current 100 year flood plain maps

Rationale: Section 21 of H.R. 1682 requires FEMA to begin mapping the 500 year floodplain as part of its ongoing map modernization program. The Task Force recommends that the 100 year flood maps be updated before requiring mapping of the 500 year floodplain. The keystone of the National Flood Insurance Program is having accurate flood maps. FEMA is in the middle of a five-year project to update and digitize maps depicting the 100 year floodplain. The Task Force is concerned that imposing additional mapping requirements on FEMA at this time could delay updating the existing 100 year floodplain maps. The Task Force agrees that mapping the 500 year floodplain would be a good idea – but only after the 100 year floodplain maps are updated.

C. Recommendation: That NAR advocate for the establishment of a public education campaign to make all potential tenants and homebuyers aware of the following facts: 1) some residential properties may be located in high-risk flood areas, 2) flood insurance is available under the National Flood Insurance Program (NFIP), 3) the maximum amount of coverage available through the NFIP, and 4) where to obtain NFIP coverage. Such a program would be more

effective at educating a greater number of people (i.e. both tenants and potential homebuyers) of the risks involved in living in high-risk flood areas, as well as the availability of the NFIP coverage, than a proposed FEMA informational brochure that rental property owners would be required to distribute to tenants.

Rationale: Section 9 of H.R. 1682 requires owners of property in Special Flood Hazard Areas (SFHAs) to provide notice to tenants that the property is located in a SFHA; that flood insurance is available for contents of the unit, maximum amount of coverage available; and where to obtain information regarding insurance coverage. The Task Force supported notification of tenants, but expressed concerns about limited effectiveness of such a disclosure requirement and possible record keeping requirements.

# **NAR INSURANCE TASK FORCE**

## **HEALTH INSURANCE POLICY RECOMMENDATIONS**

### **I. Executive Summary**

The 2007 NAR Insurance Task Force (“Task Force”) met on two occasions to discuss NAR’s small business health plan advocacy policy. During the course of the three and a half days of discussion, the Task Force heard from NAR staff and outside speakers about the current status of NAR’s association health plan/small business health plan legislative efforts, the political and structural obstacles to both incremental and broad health insurance reform, the complex nature of health insurance risk underwriting and rating and the special challenges that underwriters must deal with when underwriting health insurance for the self-employed and micro-businesses.

The Task Force reviewed the leading reform proposals under consideration, as well as the results of a NAR-sponsored public opinion poll of the American public and Realtors® nationwide to gauge the group’s respective opinions of these reform proposals. On the basis of these discussions, the Task Force developed the following set of findings and recommendations:

#### ***Findings:***

- Concerns with health insurance and health care are the number one domestic policy concern for both voters and Realtors®.
- An overwhelming majority (78%) of Realtors® believe the existing health care system is failing millions of Americans and needs to be “fixed”.
- Association health plan (AHP) and/or small business health plan (SBHP) legislation has little or no political viability in the new Congress.
- Despite the diminished likelihood that AHP/SBHP legislation could be approved in the 110<sup>th</sup> Congress, NAR should continue to participate in the health reform debate given the importance of the issue for NAR’s membership.
- NAR’s existing AHP/SBHP policy focus no longer provides sufficient direction for the association health insurance advocacy efforts and should be supplemented by a set of health care reform principles, much like the Tax Reform principles which now guide the association’s tax advocacy efforts.

#### ***Recommended Health Reform Principles:***

- The nation and its health care system are best served by having all citizens covered by health insurance.
- Health care coverage and/or insurance should be made available to all.

- Individuals should have health care coverage that is continuous, i.e. allows for no gaps in coverage.
- Individuals should have the ability to choose their preferred health insurance plan from an array of policy options that offer choices in the scope of covered services and policy costs.
- Health care coverage should enhance health and well-being by providing preventive health services and chronic disease management services.
- The health care delivery system must provide cost effective, quality care in an efficient and timely manner in order to be affordable and sustainable for society. Cost containment, therefore, must be a component of any reform effort.
- A “single payer” health care system in which the government pays for and allocates health care services should be opposed.
- Employers should not be required to offer employee health insurance program.

***Additional Recommendations:***

- NAR should continue to look for opportunities for association participation in any small business health reform proposals considered.
- NAR should begin to educate the membership on the issues that are inherent in the health care reform debate so that they will understand and become engaged in the larger national health care debate – or state level debates - that will take place in the coming years.

**II. Meetings Summary**

**Washington, DC.** The Insurance Task Force met June 25 and 26, 2007 in Washington, DC. Task Force members present at the meeting included: Chair Sharon Millett (ME), Nick D'Ambrosia (MD), Gail Duke (NY), Robert Fleck (PA), Nick French (NM), Jo Jenkins (IA), Bob Kulick (CA), Vincent Malta (CA), Michael McGrew (KS), Henry Ray (AL), Kenneth Warden (KY) and Malcolm Young (LA). Also in attendance were NAR Liaison, Gary Thomas (CA), John Buskirk (FL), attending on behalf of Frank Kowalski (FL) who was unable to attend the meeting, Sarah Walter of Walter Consulting, and NAR staff members Marcia Salkin, Jamie Gregory, and Linda Goold.

NAR staff briefed the Task Force on the history of NAR's involvement in the association health plan (AHP) and small business health plan (SBHP) legislation and the current status of efforts to advance the small business health plan bill, in light of the change in leadership of both chambers of the Congress. The Task Force was briefed on NAR's efforts over the course of the last eight months since the change in leadership to work with a number of key Senate offices – Enzi (WY),

Nelson (NE), Durbin (IL), Lincoln (AR), Bahy (IN), Salazar (CO), Reid (NV) - to develop an alternative legislative approach to dealing with the problems of the small business community.

Following this introductory presentation, Brett Palmer, Managing Director of Government Relations, for the National Association of Insurance Commissioners (NAIC), briefed the Task Force on the NAIC health insurance reform efforts, provided NAIC perspectives on past and pending legislation in Congress addressing health insurance availability and affordability concerns, and discussed what state have been doing to reform health insurance markets.

Brian Webb, the NAIC health insurance expert, then explained how health insurers underwrite and rate insurance in the individual, small group and large group markets and the reasons for the markedly different practices in each submarket. It was pointed out that in the individual market, the ability of individuals to enter and exit the market at will creates an opportunity for individuals to rationally decide to “game the system” by entering the market only when they anticipate the need for medical care and exiting when the perceived need for health services is low.

Since insurance markets work when risk is pooled and shared across a large number of individuals who include the young and old, health and sick, etc, this ease of entry creates risks that insurers routinely take into account in their underwriting and rating practices. In the case of an employer provided group policy, employees of all types are likely to take up and maintain coverage since employers subsidize the premium costs. This results in a stable pool of young and old, healthy and sick, workers across which to spread the risk of claims.

Jeff Lemieux, Senior Vice President of the Center for Health Policy Research with the leading health insurance trade group, America’s Health Insurance Plans, met with the Task Force to present the health insurance industry’s perspectives on the same topics that the group had discussed with the NAIC staff.

It was interesting to note that despite representing two very different interest groups, Mr. Lemieux’s and the NAIC’s representatives conclusions, when asked to what are necessary components of any successful reform effort, were not dissimilar. In both cases, these experts indicated that an individual mandate (i.e. a requirement that all citizens have health care coverage of some sort) would offer the greatest hope for addressing the problems that face health insurance markets and the health care system. Both acknowledged, though, that before such a mandate could be effective, the shortcomings of the individual market must be addressed so that those who do not have employer or other group coverage can find health insurance or coverage.

The last speaker on the first day was Brian Hickey. Brian is senior health counsel to the Assistant Senate Majority Leader, Senator Richard Durbin (D-IL). He is also one of the three Democratic staffers with whom NAR staff has been working to identify amendments to last year’s Durbin-Lincoln Democratic alternative small employer health benefits plan (SEHBP) bill that could result in an acceptable and workable compromise measure.

Brian outlined Senator Durbin’s commitment to introducing a small business health bill this Congress as well as the terms of this year’s modified approach. Among the changes made are the explicit inclusion of the self-employed as possible participants, a move away from a pure community rating approach to one that would allow for variation based on age, and an advisory and marketing role for associations and other voluntary groups.

On the second day of the group's meeting, Bill McInturff and Nicole McClesky of Public Opinion Strategies briefed the Task Force on the results of an NAR-sponsored national survey of registered voters and Realtors® regarding health insurance issues. The survey identified likely-voters' insurance availability and affordability concerns and their opinions about potential solutions currently being debated. The survey identified concerns with health insurance and health care as the number one domestic policy concern for both voters and Realtors®. In terms of the total policy agenda, likely-voters ranked health care concerns second only to the war in Iraq; Realtors® ranked health care concerns as their number one issue with Iraq ranking number two.

The poll results also indicated that voters and Realtors® hold similar and dissimilar opinions on the eleven leading health care reform proposals presented. Voters and Realtors® each supported the following proposals: allowing individuals to deduct the cost of health insurance premiums for income tax purposes; creating a small business health insurance program modeled after the federal employees health insurance program; expanding the federal State Children's Health Insurance Program (SCHIP) to make sure all American children have health coverage; and creating a federal reinsurance program for health insurers to cover catastrophic health care claims. In general, both voters and Realtors® were skeptical and/or divided on proposals to create a government run single-payer health system, require individuals to have health insurance (i.e. an individual mandate), or to require employers to contribute to the cost of an employee's health insurance (i.e. an employer mandate). A copy of the Executive Summary of the survey results is attached to this document.

The Task Force had planned to meet also with Stephen Northrup, Vice President of Government Affairs for WellPoint, and, until recently, the Director of Health Policy for Senator Mike Enzi (R-WY) at the Senate Health, Education, Labor and Pensions Committee. Scheduling conflicts made that impossible.

The Task Force spent considerable time reviewing and discussing the concepts (many, but not all of which are included in existing legislation) that Congress is or may consider as part of a comprehensive solution to the problem of insurance availability and affordability. While the Task Force did provide comments or recommendations on each of the current reform concepts, the group decided that developing a set of principles, much as the Tax Working Group has done to guide the association's efforts on tax reform, would be the most productive avenue.

**Chicago Meeting.** Developing a set of recommended principles was the focus of the group's second summer meeting held in August in Chicago. At this meeting the Task Force also reviewed the health policy principle statements of an array of associations and advocacy groups.

Attending the Chicago meeting were: Chair Sharon Millett (ME), Nick D'Ambrosia (MD), Gail Duke (NY), Jo Jenkins (IA), Bob Kulick (CA), Vincent Malta (CA), Michael McGrew (KS), Kenneth Warden (KY), Frank Kowalski (FL), Jill Stone (ID), Stan Sieron (IL), John Buskirk (FL) and Malcolm Young (LA). Also in attendance were NAR Liaison, Gary Thomas (CA), Sarah Walter of Walter Consulting, and NAR staff members Marcia Salkin, Jamie Gregory, and Linda Goold.

To summarize, the Task Force agreed that NAR should continue to participate in the health reform debate given the importance of the issue to NAR's members. The results of the polling project underscored how dissatisfied Realtors® and the public were with the current health delivery system. Equally important was the strong degree of support among the Realtor® ranks for major health reform.

The Task Force members did note, however, that it was clear that the Realtors® polled – and therefore very likely the Realtor® population in general - were not supportive of the concept of an “individual mandate,” i.e. the idea that all individuals should be required to obtain health coverage through either private insurance or a public program. This outcome was not a surprise but was seen as somewhat problematic given the general consensus of Task Force members was that they had been convinced by the expert's earlier beliefs that a necessary component of any successful reform of the health system is an individual mandate.

The Task Force concluded the association's existing AHP/SBHP policy has little or no political viability in the new Congress. The group did agree, however, that NAR's existing SBHP policy should be allowed to stand and staff should continue to look for opportunities for association participation in any small business health reform proposals considered.

The Task Force spent most of its last day of deliberations developing the set of health policy principles outlined earlier to guide NAR's advocacy efforts. The proposed health principles could provide NAR staff with direction needed to participate in efforts underway this Congress to craft a small business health bill. These same policy principles could also be used to react to any future legislative reform proposals.

The group also agreed that a final solution to the nation and the industry's health care problems will most likely require major health care reform either at the national, state or regional levels. The association, therefore, should begin to begin to educate the membership so that they will understand and become engaged in the larger national or state health care debates that are or will take place during the Presidential campaign and throughout the next Congress and Administration.

## **Appendix**

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