

What is The Big "I"?

BIG

An Introduction to Independent Insurance Agents

Founded in 1896, the Independent Insurance Agents & Brokers of America (the Big "I") is the nation's oldest and largest national association of independent insurance agents and brokers, representing a confederation of state associations and approximately 25,000 agency locations.

Big "I" independent agents offer consumers many types of insurance—property, casualty, life, health, employee benefit plans and retirement products, among others. Consumers benefit from working with independent agents, who can customize coverage and offer choice from a variety of insurance companies.

Independent agents and brokers live and work in virtually every community throughout the country and serve as trusted advisors to millions of consumers, businesses, and organizations. They are Main Street, and they are here to advise Congress along with the Big "I" federal government affairs team.



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TAX REFORM

The Big “I” urges Congress to:

- Make permanent the 20% small business deduction, also known as “199A” by passing **The Main Street Tax Certainty Act of 2025 (S.213/H.R.703)** or including it in a broad tax package.
- Oppose any effort to eliminate or cap the employer tax exclusion for health insurance.
- Protect the tax-exempt status of 501(c) organizations, particularly trade associations, and oppose any proposals to subject their royalty income to unrelated business income tax (UBIT).

Much of the 2017 Tax Cuts & Jobs Act (TCJA) is set to expire at the end of 2025 and, if Congress does not act, individuals and businesses will see substantial tax increases. Main Street America is recovering from an economic slowdown and raising taxes will further harm already fragile businesses and the communities which they serve.

The Big “I” supports **The Main Street Tax Certainty Act (S.213/H.R.703)**, introduced by [Sen. Steve Daines \(R-MT\)](#) and [Rep. Lloyd Smucker \(R-PA\)](#), which would make permanent the 20% small business deduction for pass-through entities that was passed as part of the TCJA. The deduction, which is scheduled to expire at the end of 2025, is heavily relied upon by many Big “I” members to keep their agencies operating, meet payroll, and better serve consumers and their communities. According to the 2024 Big “I” Agency Universe Study, 86% of independent insurance agencies are organized as pass-through entities. These entities have factored this deduction into their operations and its expiration would result in a tax increase on them and many other small businesses. Such an increase would create an unlevel playing field and put pass-throughs at a disadvantage to those businesses filing taxes at the lower corporate rate that was made permanent in the 2017 Act.

As Congress considers significant tax reform, the Big “I” asks that they do not eliminate or cap the employer tax exclusion for health insurance. Employer-sponsored coverage is the foundation of American health care, providing stable financial protection for nearly 180 million workers and their families. Taxing this coverage would not only increase costs for employees, but also undermine the accessibility and affordability of health care. Historically, employer-sponsored insurance has been tax-free, allowing employees to receive benefits without additional financial burden. Should this change, employees would face higher tax burdens or increased out-of-pocket healthcare costs, while employers might respond by reducing benefits or shifting more costs onto workers. This could lead to less affordable healthcare and potentially disrupt coverage for millions.

The tax-exempt status for 501(c) organizations, such as trade associations, also faces a significant threat. The Big “I” asks Congress to oppose any proposals that would eliminate tax-exempt status for associations, or subject royalty income derived from the licensing of a tax-exempt organization’s name or logo to UBIT. Royalties have historically been treated as passive income and are a significant source of non-dues revenue for associations that can be reinvested in education, skills training, research, and other activities. Like the rest of the business sector, associations are continually evolving to stay relevant for their members by offering innovative programs and services that advance the industries or professions they represent. Organizations that are wholly reliant on membership dues for income are in danger of becoming obsolete. Non-dues revenue helps nonprofit organizations weather economic downturns and provide consistent support and services to their memberships, who are often important employers in local communities.

DISASTER MITIGATION

The Big “I” urges Congress to:

- Support pre-disaster mitigation efforts, including the **Fix Our Forests Act (H.R.471)**, the **Disaster Resiliency and Coverage Act of 2025 (H.R.1105)**, and the **Disaster Mitigation and Tax Parity Act of 2025 (S.336/H.R.1849)**.
- Recognize the important role that publicly available data plays in predicting risk.
- Extend the National Flood Insurance Program (NFIP) before its expiration on September 30 and consider a long-term reauthorization of the program.

Natural disasters are becoming more frequent and more severe, placing significant strain on the property and casualty insurance markets. Without effective disaster mitigation, insurers face rising claim costs, homeowners struggle with skyrocketing premiums or lack of coverage, and the federal government is forced to step in with costly disaster relief programs. States are working to increase resiliency and mitigate risks associated with their unique geographies, but the federal government can and should do more to assist with those efforts.

The Big “I” encourages the U.S. Senate to pass the **Fix Our Forests Act (H.R.471)**, [introduced by Rep. Bruce Westerman \(R-AR\)](#). The U.S. House of Representatives has already acted on this important piece of legislation, passing it in January with a strong bipartisan vote. This bill would increase the nation’s resiliency to catastrophic wildfires, improve land use planning and forest management, streamline environmental reviews while deterring frivolous litigation, and help to better protect communities in wildfire-prone regions. The legislation also has provisions to reduce the fuel loads in our nation’s forests including the removal of hazardous trees, the hardening of utility infrastructure, and the adoption of fire-resistant building methods and standards.

The **Disaster Resiliency and Coverage Act of 2025 (H.R.1105)**, [introduced by Rep. Mike Thompson \(D-CA\)](#), empowers individual property owners to undertake targeted resiliency and mitigation activities. The legislation would extend the eligible use of funds offered under the Stafford Act to allow states and tribal governments to offer grants up to \$10,000 to individual property owners to undertake pre-disaster mitigation activities. The legislation creates tax parity by ensuring that federal and state disaster grants are not subject to federal income tax and allows for a tax credit of up to 30 percent of the cost of qualified mitigation activities. Importantly, the **Disaster Mitigation and Tax Parity Act of 2025 (S.336/H.R.1849)**, [introduced by Sen. Thom Tillis \(R-NC\) and Rep. Doug LaMalfa \(R-CA\)](#), similarly excludes funds provided under state-based mitigation programs from federal taxable income.

The insurance industry relies on a steady flow of publicly available data to predict losses, price policies, and mitigate financial exposure. For example, the National Oceanic and Atmospheric Administration (NOAA) produces important data on hurricane frequency, wildfire patterns and changes to flood zones. Without that data, insurers may face reduced accuracy in underwriting, higher loss ratios, and an inevitable increase in premiums for policyholders. We encourage Congress to recognize the important role that NOAA and other federal agencies play in providing data to help predict risk and protect consumers.

The NFIP plays a critical role in mitigating risk by providing flood insurance to homeowners and businesses in high-risk areas. The Big “I” strongly supports a long-term reauthorization of a modernized program that would increase take up rates, both in the NFIP and in the private market. However, in the absence of such action the Big “I” asks that the NFIP be reauthorized before its September 30 expiration. The Big “I” also opposes any policies that would harm the Write-Your-Own Program or undermine the valuable and trusted role that independent agents play in the offering, sale, and servicing of flood insurance.

LEGAL REFORM

The Big “I” urges Congress to:

- Address legal system abuse, specifically by foreign entities and sophisticated investors that are profiting off the U.S. court system by financing and subsidizing litigation.
- Support **The Litigation Transparency Act of 2025 (H.R.1109)** to require disclosure of third-party litigation funding (TPLF) agreements and payments in civil lawsuits.
- Consider additional ways to crack down on foreign and domestic TPLF investors, such as levying an appropriate tax on their returns.

Abuse of the U.S. legal system is a significant problem and adds considerable costs to the insurance industry, which are then passed along in the prices that consumers pay. According to a study conducted by the Institute for Legal Reform, costs and compensation paid into the U.S. tort system reached over \$529 billion in 2022 – equating to 2.1% of U.S. GDP and over \$4,200 per U.S. household. The study also found that tort costs continue to grow faster than inflation, at an average annual rate of 7.1% between 2016 and 2022. If tort cost growth continues at that pace, U.S. tort costs will near \$1 trillion by 2030.

An especially troubling trend is the unchecked way foreign entities and sophisticated investors are financing and subsidizing litigation in American courts. TPLF is a growing and largely secretive multi-billion-dollar industry that threatens the integrity of the U.S. Court System. Civil litigation cases are being funded by undisclosed third parties who receive a percentage of the settlement from successful cases. Many of these funders are foreign entities, including sovereign wealth funds, and are operating through shell companies. In 2023 there was an estimated \$17 billion in global TPLF assets with half of it deployed in the U.S., and that is expected to grow to \$31 billion in the U.S. by 2028, according to Swiss Re.

In most jurisdictions defendants are required to disclose insurance agreements in litigation, but litigation funding agreements are not subject to such disclosure. Legislators can protect plaintiffs by making sure they are aware when attorneys have committed to share their recovery with a third-party funder, and by prohibiting funders from taking a larger share of the recovery than an injured plaintiff receives. Another effective way to protect consumers is by supporting **The Litigation Transparency Act of 2025 (H.R.1109)**, [introduced by Rep. Darrell Issa \(R-CA\)](#). This bill would require the disclosure of TPLF agreements between investors and parties to civil actions, as well as the disclosure of parties receiving payment in civil lawsuits.

In many cases, third-party litigation funders pay a more favorable tax rate on their share of a court award when compared to the actual injured plaintiff. The profits of domestic funders currently get treated as capital gains for tax purposes, while foreign investors operating through shell companies pay no U.S. taxes on their litigation profits since they are not subject to capital gains. This perversely incentivizes foreign investment in more U.S. litigation.

The Big “I” is supportive of efforts that would close this tax loophole that foreign and domestic TPLF investors have exploited. An appropriate legislative solution would solely impact the funders and would not create a new tax on actual plaintiffs or their attorneys, nor would it prevent or impede the financing of lawsuits by a third party – it would only ensure that appropriate taxes are being paid.

CROP INSURANCE

The Big “I” urges Congress to:

- Protect crop insurance from harmful cuts that would undermine America’s farmers and ranchers and rural economies.
- Safeguard the critical role independent insurance agents play in the sale and servicing of crop insurance.
- Oppose any amendments to the Farm Bill, proposal or legislation that would weaken the efficient and effective private sector delivery of crop insurance.

The Federal Crop Insurance Program (FCIP) is a public-private partnership that provides farmers with financial protection against crop losses due to natural disasters, market fluctuations, and other unforeseen risks. Administered by the Risk Management Agency (RMA) under the U.S. Department of Agriculture (USDA), the program offers a range of insurance policies tailored to different crops, regions, and farming operations. By sharing risk between the government and private insurers, the FCIP ensures that farmers have access to affordable and effective coverage while reducing the need for ad hoc government disaster relief, making it a cost-effective approach to agricultural risk management.

Farming is an inherently risky business. Weather events such as droughts, floods, hail, and hurricanes can devastate crops, leading to significant financial losses. Additionally, fluctuating commodity prices can impact farm revenue. Without crop insurance, many farmers would struggle to recover from these challenges, jeopardizing their livelihoods and the stability of the agricultural sector. Beyond individual farm protection, crop insurance contributes to national food security. A reliable domestic food supply reduces dependence on imports, ensuring that the nation can sustain itself during global conflicts, economic instability, or supply chain disruptions.

Crop insurance agents play a vital role in the success of the FCIP. These professionals help farmers navigate the complexities of insurance policies, ensuring they select the best coverage for their specific needs. Agents provide valuable insights on policy options, coverage levels, and deadlines, while also assisting with claims in times of loss. Their expertise ensures that farmers receive the financial protection they need to sustain their operations and contribute to a resilient agricultural economy.

As Congress develops its budget and appropriations bills for FY2026 and considers a new Farm Bill, please support America’s agriculture economy. The Big “I” encourages Congress to oppose any legislative or regulatory efforts to reduce the FCIP’s funding or otherwise weaken the efficient and effective private sector delivery of crop insurance.