

Overdraft Symposia Series

MELVILLE, NEW YORK • SEPTEMBER 24, 2013



L to R: Lisa Lounsbury, Steven Henning, Joan Woodward and Mark Palermo

Welcoming Remarks

- Joanne Bentivegna, President, Independent Insurance Agents & Brokers of Suffolk County
- Robert E. Mackoul, President, Tri-County Independent Insurance Agents Association
- Lisa Lounsbury, President, IAAC, Inc.; Senior Vice President, Independent Insurance Agents and Brokers of New York, Inc.
- Joan Woodward, Executive Vice President, Public Policy; President, Travelers Institute; The Travelers Companies, Inc.

Panel

Moderator – Lisa Lounsbury, President, IAAC, Inc.; Senior Vice President, Independent Insurance Agents and Brokers of New York, Inc.

- Steven L. Henning, Partner-in-Charge, Litigation and Corporate Financial Advisory Services Group, Marks Paneth LLP
- Mark Palermo, Professor, College of Business, Stony Brook University; Private Practice Attorney
- Joan Woodward, Executive Vice President, Public Policy; President, Travelers Institute; The Travelers Companies, Inc.

As the federal budget debate made headlines across the country in September 2013, the Travelers Institute, in conjunction with the Independent Insurance Agents & Brokers of New York, Inc. (IIABNY), convened a screening in Melville, NY, of the nonpartisan, award-winning deficit documentary, *Overdraft*.

The screening was followed by a panel discussion on the national debt. Two local associations, the Tri-County Independent Insurance Agents Association (Tri-County IIAA) and the Independent Insurance Agents & Brokers of Suffolk County (IIABSC), also participated in the event, which is part of the Travelers Institute's ongoing *Overdraft* Symposia Series. More than 200 independent insurance agents from the region joined the conversation on policy options for addressing this important economic challenge for the country.

IIABSC President Joanne Bentivegna and Tri-County IIAA President Robert E. Mackoul joined Travelers Institute President Joan Woodward in welcoming agents and kicking off the evening. *Overdraft* is a documentary presented by the Travelers Institute and made for public television that examines the facts about the U.S. national debt and its implications for the American Opportunity. As one of the nation's largest insurers of small- and medium-sized businesses, Woodward discussed Travelers' commitment to advocating for the stability and health of the U.S. economy. The goal of the *Overdraft* Symposia Series, she said, is to foster nonpartisan dialogue that raises awareness about one of the most pressing issues of our time.

After the screening, IIABNY Senior Vice President Lisa Lounsbury moderated a panel discussion and asked what \$17 trillion in debt meant for members in the room. Panelist Steven L. Henning, Partner-in-Charge of the Litigation and Corporate Financial Advisory Services Group at Marks Paneth LLP, said that the total national debt translates into more than \$53,000 per U.S. citizen. Meanwhile, median U.S. income lags behind the growing debt at only \$51,000, which means that U.S. workers' earnings for an entire year would not be enough to eliminate the debt. As a result, Henning said some clients are withholding investments in the face of economic uncertainty.



Tri-County IAA President Robert E. Mackoul welcomes attendees.

Panelists then addressed what they thought would be some of the toughest challenges ahead. Stony Brook University Professor Mark Palermo, who specializes in business management, said the greatest obstacles would revolve around health care, particularly for an aging baby boomer generation. Woodward agreed, and explained that the cost of servicing the debt would present increasing challenges as interest rates rise from historically low levels. Henning said that the politics surrounding the debt would likely be more complex than the actual solutions, pointing to the difficult debate over how the nation would determine who would bear the additional cost burden needed to balance government spending.

Audience members focused their questions on specific policy options for budget reform. Palermo called for further economic recovery before implementing any major spending cuts. He reminded the audience that the U.S. economy was still rebounding

from losing, by some estimates, in excess of \$15 trillion in U.S. wealth. Woodward noted that President Bill Clinton and former Office of Management and Budget Director Peter Orszag both discussed this approach in the film. She added that tough decisions could be made in Washington today to lock in policy changes that could go into effect over the next decade.

Recalling her experiences from 12 years on Capitol Hill working on the Senate Finance and House Budget Committees, Woodward remained optimistic that a solution was achievable. She talked about the government shutdown of 1995 and 1996 and reminded the audience that a grand compromise had followed those shutdowns. She also mentioned President Barack Obama's willingness to make changes to Social Security, through adjustments in benefit calculations tied to a chain-weighted Consumer Price Index, to make it secure for the long-term.

The panel agreed that before specific solutions could necessarily be identified, the bigger challenge that lies ahead is an educational effort to raise the public's awareness about the actual dimensions of the problem. As part of his MBA curriculum, Palermo explained how he encourages students to think through complex economic scenarios to gain an understanding of policies that may seem counterintuitive, such as how cutting spending could actually increase the deficit. Education is an important way to influence public policy, he said.

Woodward added that through the Travelers Institute's *Overdraft* University Symposia Series, which was on track to visit more than 40 colleges across the country in 2013, thousands of students have viewed the documentary and engaged in the debate alongside faculty and alumni.



IABNY members listen to panelists discuss the national debt.



IIABSC President Joanne Bentivegna

Despite the challenges ahead, the panel closed the discussion with a sense of optimism about the economic resiliency of the United States. The country was built on a framework that encourages entrepreneurship and business development, and panelists agreed that that foundation is critical to guiding a solution.

Independent Insurance Agents & Brokers of Suffolk County

The Independent Insurance Agents & Brokers of Suffolk County represents the common business interests of independent insurance agents. The association promotes education for its members and high standards of conduct in the insurance business, while encouraging understanding, cooperation and good relations among members, the insurance industry, government and public.

Independent Insurance Agents & Brokers of New York, Inc.

The Independent Insurance Agents & Brokers of New York, Inc. advances the performance and success of independent insurance agencies and brokerages in New York by fulfilling the educational, political and business interests of more than 1,750 agencies and 13,000 employees.

Travelers Institute

Travelers established the Travelers Institute as a means of participating in public policy dialogue on matters of interest to the property casualty insurance sector, as well as the financial services industry more broadly. The Travelers Institute draws upon the industry expertise of Travelers' senior management and the technical expertise of its risk professionals and other experts to provide information, analysis and recommendations to public policymakers and regulators.

Tri-County Independent Insurance Agents Association

The Tri-County Independent Insurance Agents Association is a local association of the Independent Insurance Agents & Brokers of New York, Inc. serving Nassau, Queens, Brooklyn and Staten Island. Members have access to a range of insurance products and professional development opportunities, among other benefits.



L to R: B&B of Westchester President Louis E. Finkelstein, Travelers Institute President Joan Woodward, B&B Coverage President Ronald Brunell and Travelers Regional President Lisa Tepper



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