

June 19, 2020

Board of Governors of the Federal Reserve System
20th Street & Constitution Avenue, N.W.
Washington, DC 20551

Dear Federal Reserve Board of Governors:

Founded in 1896, the Independent Insurance Agents & Brokers of America (IIABA or the Big “I”) is the nation’s oldest and largest association of independent insurance agents and brokers, representing more than 25,000 agency locations, 50 state associations and numerous city/county associations under the Trusted Choice brand. Trusted Choice independent agents offer consumers all types of insurance—property, casualty, life, health, employee benefit plans and retirement products—from a variety of insurance companies.

We write to urge you to include Internal Revenue Code Section (Section) 501(c)(6) organizations, such as trade and professional associations, in the Federal Reserve’s Main Street Lending Program. These important organizations have not been included in the Paycheck Protection Program or similar Small Business Administration loan expansions.

The Big “I” is extremely grateful the Administration and Congress took swift action to help businesses, nonprofits and millions of Americans withstand the coronavirus pandemic, which jeopardizes our collective livelihood, welfare and safety. Provisions within the Coronavirus Aid, Relief and Economic Security (CARES) Act are providing vital support to help stabilize our economy and keep Americans safe. We are especially thankful significant relief is provided to our small business members and their clients through the Paycheck Protection Program (CARES Act; Section 1102) and the employer payroll tax deferment (Section 2302), among others.

The CARES Act does not, however, provide sufficient and critically needed emergency funds to trade and professional associations in desperate need of support. Section 501(c)(6) organizations can indeed access certain aid through an employee retention tax credit (Section 2301), and the Small Business Administration is accepting applications from 501(c)(6) organizations for expanded Economic Injury Disaster Loans (EIDL; Section 1110). While helpful, it will be challenging for members of our community to qualify for aid – particularly through Section 2301 – and secure the funds they need to avoid financial distress and in some cases bankruptcy. Moreover, statutory language for EIDLs is unclear in exactly how it treats associations.



Trade associations across the country, including the Big “I”, play an important role to train America’s workforce, create industry and professional standards, and disseminate essential information and resources to people in need – particularly during times of crisis. However, associations now face unprecedented financial losses from event cancellations and other programmatic losses. Without support, Section 501(c)(6) organizations will be unable to continue to provide the important services on which so many rely.

According to the Professional Convention Management Association, conferences and events account for roughly 35 percent of total annual revenue for associations. And according to a recent survey conducted by the American Society of Association Executives (ASAE) Research Foundation:

- 29% of respondents face \$100,001-\$500,000 in current and projected losses due to cancellations;
- 16% face \$501,000-\$1,000,000 in current and projected losses;
- 10% face more than \$1,000,000 in current and projected losses;
- 12% have partial insurance coverage for cancellations; and
- 52% have zero insurance coverage for cancellations.

Further, expected losses due to reduced membership and stunted programming, among other significant issues, compound this potentially catastrophic situation for associations. To help mitigate the coronavirus pandemic’s devastating impact on our economy and safety, we support giving associations access to the Main Street Lending Program.

The Big “I” appreciates your consideration of the above comments and your continued support of our country during this challenging time.

Sincerely,



Charles E. Symington, Jr.
SVP, Industry, External & Government Affairs

