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NAIC
National Association of Insurance Commissioners
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# Empowering States to Protect Seniors from Bad Actors Act

- *The NAIC believes that protecting seniors from financial exploitation is critical to ensuring that seniors can maintain a secure retirement.*

- *State insurance regulators support the Empowering States to Protect Seniors from Bad Actors Act, which would amend Section 989A of the Dodd-Frank Act to clarify the permissible funding sources for the senior investor protection grant program that was supposed to have already been established by the CFPB*

- *The NAIC recommends prompt Congressional action because it will provide additional resources to states and state agencies to combat fraud against seniors.*

## Background

Senior financial exploitation continues to be a growing problem in this country. It is estimated that roughly one in five older Americans have been victimized by financial fraud and have consequently lost an estimated $2.9 billion per year. Aging seniors cannot afford to lose these valuable funds that are critical to ensuring a secure retirement. This problem is particularly troubling considering the aging of the baby boom generation and that millions of Americans have not saved enough for retirement. Combating senior financial exploitation is critical to ensuring that the retirement crisis is not further exacerbated.

In 2010, Congress enacted Section 989A of the Dodd-Frank Act that required the Consumer Financial Protection Bureau ("CFPB") to establish the "Senior Investor Protection Grant Program" (the "Program") to support state efforts to target senior fraud. Specifically, eligible states are entitled to receive grant funds under the Program for purposes such as, training prosecutors to increase the prosecution of salespersons who target seniors; combating misleading or fraudulent marketing of financial products to seniors; and providing educational materials to seniors to increase their awareness of misleading or fraudulent marketing. States are eligible to receive funds if they have implemented rules that conform to minimum requirements set forth in model laws and regulations developed by the NAIC and the North American Securities Administrators Association (NASAA).

Unfortunately, nearly a decade later, the Program has not been established and no grants have been awarded to states, despite considerable *bipartisan* support for the Program. According to the CFPB, the reason for the delay is that the statutory language that created the program lacks clarity regarding the authority to fund the grants. The Empowering States to Protect Seniors from Bad Actors Act will clarify what funding sources may be used fund this crucial Program.

## Key Points

- ✓ Senior financial exploitation remains a serious problem in this country. 1 in 5 older Americans have been victimized by financial fraud and losses are estimated at $2.9 billion a year.

- ✓ Section 989A of the Dodd-Frank Act established a program to provide states additional resources to combat senior financial fraud provided states implemented rules that conform to requirements set forth in model laws and regulations developed by the NAIC and NASAA.

- ✓ This legislation will remove the impediments that has prevented CFPB from creating and implementing the Program.

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