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What Does the Texas Court Decision on the Department of Labor (DOL) Overtime Rule Mean for Independent Insurance Agencies? (September 1, 2017)

In a striking legal victory for independent insurance agencies and the Big "I", a federal judge in Texas issued a ruling to overturn the DOL overtime rule. The decision applies on a nationwide basis. The overtime rule was finalized during the Obama Administration, and requires that many employees who were not previously legally entitled to overtime be paid overtime. The ruling is the result of lawsuits filed by the Big "I", other business groups, and 21 state governments. The Big "I" is the only insurance trade association to join the lawsuits.

What are the immediate implications of the court's ruling?

Pending a possible appeal by the Trump Administration, the overtime rule will not go into effect. Agencies are still legally required to comply with current state and federal labor laws, but they will not be liable for complying with the 2016 federal overtime rule. While agencies do not need to implement changes to comply with the 2016 federal overtime rule update at this time, changes to current law could be made in the future.

What's next?

The court's decision is welcome news for agencies who have been struggling with the impacts of the rule, and means that the 2016 overtime rule is unlikely to ultimately take effect. However, while unlikely it is still possible the decision is appealed by the Trump Administration. The DOL could also make amendments to the current regulations. In July 2017, the DOL issued a request for information with the intent of potentially issuing their own version of an overtime rule. In order for any rule to be finalized by the DOL, the administration must follow the Administrative Procedure Act, which is generally a multi-year process. Nonetheless, changes to current regulation can be anticipated at some point in the future. However, the expectation is any potential changes by this Administration will result in a more workable rule for both agencies and their employees.

If your agency has already implemented changes in anticipation of complying with the rule, it is at the agency's discretion whether or not to leave those changes in place. All agencies are encouraged to ensure that they are in compliance with existing federal and state employment laws.

More information on the 2016 overtime rule, the court case and current laws can be found at: <http://www.independentagent.com/GovernmentAffairs/Issues/overtime.aspx>