Appendix B

Impact on Select Industry Sectors

There are winners and losers in any change in the White House. Below we comment on the potential implications of a Biden administration on various industry sectors and the 117th Congress. While the House and Senate are both controlled by the Democrats, the majority advantage is razor thin. Not only may this reality of divided government pose limitations on the extent to which progressive legislation can be passed, but it also could pose limitations on the extent to which *any* legislation can be passed.

Below is a summary of possible winners and possible losers from the Biden presidency and Democrat-controlled Congress:

Possible Winners	Possible Losers	Mixed	
• Consumer Products • Construction • Renewables • Telecommunications	• Banking and Capital Markets • Defense • Oil and Gas • Shipping • Technology	• Airlines • Automotive • Healthcare • Industrials	• Insurance • Pharmaceuticals • Utilities

Below is an analysis and supporting commentary discussing each of the above sectors, largely based on reviewing the Biden campaign's policy statements. In our analysis, we did not comment on changes in tax policy, as discussed above, unless there is a unique aspect applicable to a particular sector.

Possible Winners

Consumer Products	An expected fresh round of stimulus to put money in people's pockets and help them cope with the effects of COVID-19 on their lives would certainly help consumers. So would the Biden administration's efforts to contain the pandemic and revive the economy. The president's promise to "follow the science" has left "brick and mortar" retailers fearing the specter of another prolonged lockdown without rent cessation, but Biden has promised he will not recommend such draconian measures and intends to leave such decisions to state and local authorities. With respect to trade policy, Biden has authority to negotiate policy revisions and unilaterally reduce or eliminate tariffs or apply new

	tariffs. While favorable impacts on trade are expected to benefit retailers, trade policy may not prove to be a key component of the Biden economic plan. Industry proponents hoping to turn the clock back on China and reduce uncertainty about tariffs and international trade are likely set up for disappointment. The president noted during his campaign that his approach with China and trade in general will be a multilateral one working closely with U.S. allies. In the U.S., negative views toward China have increased significantly, limiting Biden's options.[11] So, as the song goes, "Two out of three ain't bad!" Consumer products and retail sectors can expect an immediate focus on the pandemic and the economy. But they will likely not see an unraveling of Trump's tariffs on various imported Chinese and European goods anytime soon. It is more realistic to expect a review of tariff policy over time, with adjustments made periodically. As the Biden administration is committed to free but fair trade, reforming the World Trade Organization with new rules against subsidies and other unfair market practices may be a possible play. That, too, will take time. The Biden administration is expected to encourage people to "Buy American," which could impact how and where retailers source their products. In addition, Biden campaigned on a platform supporting a minimum wage hike to $15 an hour and raising taxes on corporations, both of which would hurt retailers and consumer products companies on the top and bottom lines. Other developments that could occur during the Biden presidency include the increasing importance of ESG and social responsibility. In the U.S., sustainability reporting is voluntary and driven by corporations. By contrast, there are strict regulations in Europe. It is possible the Biden administration could apply pressure on this front by forcing transparency in public reporting. Transparency leads to peer comparisons, which leads to pressure for improvements and refinements that can affect supply chains, especially focused on third-party vendors and logistics.
Construction	Biden's economic plan calls for spending $3 trillion on infrastructure and clean energy, financed with higher taxes. As the narrative around crumbling infrastructure continues in the U.S., no one should be surprised if the new administration makes it a priority to propose unprecedented investments in infrastructure (e.g., highways, bridges, public schools). The challenge will be on

[11] "Unfavorable Views of China Reach Historic Highs in Many Countries," Laura Silver, Kat Devlin and Christine Huang, Pew Research Center, October 6, 2020, www.pewresearch.org/global/2020/10/06/unfavorable-views-of-china-reach-historic-highs-in-many-countries/.

	deciding where to spend the money. While these investments would present significant opportunities, players in the sector should expect more accountability for how the allocated funds are spent (e.g., procure American materials, monitor GHG emissions, include minority programs, etc.) and where (e.g., projects located in under-resourced areas to offset racial and economic disparities).
Renewables	As an industry, renewables has been steadily increasing in relevance as technological advancements have continued to drive costs down and currently accounts for over a fifth of U.S. electricity production. In 2019, renewable energy consumption finally exceeded coal[12] as the latter falls out of favor amid sluggish demand, current emissions regulations and redirected capital flows. This growth is expected to intensify under a Biden administration that has a target of carbon-free electricity by 2035. The administration has already appointed renewables industry-favored leaders for the Secretary of Energy, Secretary of Interior and EPA, and there are hopes that a favorable leader to FERC will be appointed, so the game is changing inside the Beltway and the renewables industry is a clear winner. The shift on regulatory emphasis will help pave the way for accelerated permitting of new renewables projects while continuing to regulate heavily carbon-based production activities. It is also expected that the new administration will increase focus on policies and frameworks that favor the industry. This includes reinstating the United States as a member of the Paris Agreement, which further solidifies the focus that America will have on global climate goals. Other more focused policies under the administration could include the continuation of federal tax credits on solar and wind, focusing on trade policies affecting the industry (such as tariffs on solar), and addressing policies that support renewables investments and innovation.
Telecommunications	Under Trump's administration, the Republican-led Federal Communications Commission (FCC) eliminated its authority to impose net neutrality rules. A Biden FCC is expected to reverse this decision by classifying broadband as a Title II telecommunications service and restoring the agency's authority to regulate internet service and its ability to impose net neutrality protections.[13]

[12] "U.S. Renewable Energy Consumption Surpasses Coal For the First Time in Over 130 Years," Mickey Francis, Independent Statistics & Analysis, U.S. Energy Information Administration, May 28, 2020, www.eia.gov/todayinenergy/detail.php?id=43895#:~:text=May%2028%2C%202020-,U.S.%20renewable%20energy%20consumption%20surpasses%20coal%20for,time%20in%20over%20130%20years&text=In%202019%2C%20U.S.%20annual%20energy,(EIA)%20Monthly%20Energy%20Review.

[13] "Update: What Biden's Presidency Could Mean for Tech and Telecom," Casey Egan, S&P Global Market Intelligence, November 9, 2020, www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/update-what-biden-s-presidency-could-mean-for-tech-and-telecom-61062763.

	According to the FCC, over 20 million Americans[14] don't have access to quality broadband internet, with some estimating an even higher number, perhaps even double,[15] because infrastructure isn't in place and the cost is too high – especially in rural areas.[16] Given the importance of broadband connectivity to virtually every aspect of modern life, the Biden administration will likely consider adding a "broadband for all" type program to help reduce the digital divide existing in the United States between large urban areas and rural areas. This issue has become more acute with children forced to take classes from home.

Possible Losers

Banking and Capital Markets	Prior to the Georgia senate race run-offs, many observers noted that President Biden's transition team focused on financial services matters has a track record that, at least on certain key topics, has been unfavorable to the industry.[17] Even absent new rules, the sector was expected to see significant negative impacts just as a result of the likely more aggressive supervisory positions new agency leaders can take. With a Democrat-controlled Congress, President Biden will have more flexibility to select the regulatory agency leaders he really wants. For example, Gary Gensler is Biden's choice for chair of the U.S. Securities and Exchange Commission (SEC), which is a clear risk for financial services firms if that comes to pass. Mr. Gensler was tough on the industry when he ran the Commodity Futures Trading Commission during the Obama administration, and has not been shy about promoting broad and transformative new regulatory requirements across the financial services industry in general. Rohit Chopra, a former McKinsey consultant and FTC Commissioner who worked with Elizabeth Warren in standing up the Consumer Financial Protection Bureau (CFPB), has been identified as the president's choice as director of the CFPB, signaling a clear return to a more aggressive CFPB. The message for the industry is, with

[14] "21 Million Americans Still Lack Broadband Connectivity," Pew Research Center, July 10, 2019, www.pewtrusts.org/en/research-and-analysis/fact-sheets/2019/07/21-million-americans-still-lack-broadband-connectivity.

[15] "There Are Far More Americans Without Broadband Access than Previously Thought," Linda Poon, Bloomberg, February 19, 2020, www.bloomberg.com/news/articles/2020-02-19/where-the-u-s-underestimates-the-digital-divide.

[16] "Give Everybody the Internet," Emily Stewart, Vox, September 10, 2020, www.vox.com/recode/2020/9/10/21426810/internet-access-covid-19-chattanooga-municipal-broadband-fcc.

[17] "Wall Street Wants to Be Sure Biden Can Keep Warren's Army at Bay," Robert Schmidt, Jesse Hamilton, and Yalman Onaran, Bloomberg, November 7, 2020, www.bloomberg.com/news/articles/2020-11-07/wall-street-wants-to-be-sure-biden-can-keep-warren-s-army-at-bay?sref=IUrmNyXw.

	Democrats controlling the Senate, Biden will likely get who he wants for these key regulatory roles. Also and with the Democrats controlling the Senate agenda, the industry can expect to see a lot more congressional scrutiny as well as potential investigations that are unfavorable to the industry. Industry executives can expect a lot more face time in hearings called by senators such as Elizabeth Warren, Sherrod Brown and Maxine Waters, all of whom have a long adversarial history with the financial services industry and the latter two of whom will now serve as the Chairs of the Senate Banking and House Financial Services Committees, respectively. Trump era enforcement priorities, including anti-money laundering, sanctions, market and consumer abuse, internal controls, and cybersecurity, are likely to continue. Securities market manipulation and consumer compliance will also be high priorities of the Biden administration, with fair lending compliance integral to the administration's efforts to address racial inequity. The new administration's views on innovation appear mixed and include reports that the Biden administration may be willing to advance policies related to cryptocurrency at the same time it looks to roll back the OCC's recent redefinition of banking. The new administration is also expected to invest more in AI, but for financial services the use of AI will be carefully considered against the potential consumer impact. As it relates to rulemaking and enforcement postures towards fintech firms, Democratic leadership will likely face a balancing act between the desire to foster competition with larger and more entrenched firms they collectively think of as "Wall Street" and the ongoing concerns about how to ensure fintech firms are appropriately supervised so as not to be able to take advantage of consumers, particularly those who are unbanked or underbanked. Beyond the above, the question arises as to whether the industry can expect a dramatic or immediate flood of new FSI-focused legislation as a result of the Democrats' sweep. We think this is unlikely for a number of reasons. The Biden administration and Democratic leaders in Congress thus far seem committed to try to win at least some level of Republican support for their key priorities and are not inclined to immediately eliminate the filibuster, meaning most major regulatory changes would require at least 10 Republican votes. Also – and in contrast to the Great Financial Crisis – there is a very long list of other legislative priorities sitting above financial services regulatory reform, including, to name just a

	few, a robust COVID response, infrastructure and clean energy, combatting inequality, and global trade. Most of the other impacts for financial services are macroeconomic in nature. For example, Biden's immediate policy and spending initiatives will drive reflation trades and potentially make inflation risks much more relevant as increased fiscal spending continues to lift asset prices (though many financial services participants would certainly welcome the higher interest rates that would likely result). The threat of higher taxes imposes a drag on earnings growth looking to the future, particularly as many financial services segments benefitted more significantly than other industries from the Trump era corporate tax cuts. Increased state and local fiscal support, along with extended support to small businesses and harder hit industries, will further reduce credit loss exposure and should cut municipal bond yields, though tax changes could offset this impact. Retail credit trades generally will likewise benefit from more generous unemployment support, which reduces the risk of defaults. In summary, the Biden presidency portends a more challenging regulatory environment for financial services than a second Trump term would have, and this is exacerbated further by Democratic control of the Senate.
Defense	Referring to China and Russia as "near-peer" powers, the president said as a candidate that he doesn't foresee major reductions in the U.S. defense spending as the military focuses on the potential threat each of these two countries presents. However, it is reasonable to expect that internal pressure from the progressive wing of the Democratic party to invest in domestic infrastructure, climate change and other priorities, combined with the effects on the economy wrought by the COVID-19 pandemic, may ultimately result in defense spending cuts. Also, a Biden defense budget may look different, with investments in unmanned capacity, cyber warfare and IT, and preparations for a future pandemic.[18] With respect to the Space Force, President Biden has no plans for any structural changes. The Democratic Party national platform supports continuity within NASA and the Space Force.[19]
Oil and Gas	The market has already dictated many of the things that Democrats favor, as investor dollars have been diverted swiftly from the industry in the face of poor market sentiment due to outsized

[18] "Biden not Planning Defense Cuts, but They May Come Anyway," Joe Gould, *Defense News*, September 11, 2020, www.defensenews.com/congress/2020/09/11/biden-not-planning-defense-cuts-but-they-may-come-anyway/.

[19] "Biden likely to stay course on Space Force and defense investments," Sandra Erwin, *SpaceNews*, November 20, 2020, https://spacenews.com/biden-likely-to-stay-course-on-space-force-and-defense-investments/.

	spending relative to cash flow expectations and ESG performance concerns. Pre-COVID-19, oil and gas companies had already decreased their capital budgets in attempts to operate within cash flows to attract more outside capital. ESG-related metrics have also continued to elevate in importance in the boardroom and C-suite given the increased focus from large institutional investors, as this industry has been perceived by the public as irresponsible to the environment. To top it off, industry consolidation has been viewed as imminent over the last several years, and that trend has not only recently come to life[20] but is expected to intensify given the demand destruction and overall impact of the pandemic. With that context, the Biden administration is expected to increase regulatory oversight of the industry. Obtaining permits for new pipeline projects will likely be more difficult and drilling on federal lands is expected to cease. Given Biden's promise to rejoin the Paris Agreement, some expect the administration to cap U.S. output within an 11 to 11.5 million barrels a day range.[21] Some additional expected actions include: • Requiring aggressive methane pollution limits for new and existing oil and gas operations. • Demanding a worldwide ban on fossil fuel subsidies. • Pursuing a global moratorium on offshore drilling in the Arctic and reestablishing climate change as a priority for the Arctic Council. The irony is that the additional emissions-related policies can actually be viewed as a positive to the industry because the general public perception is that the Trump administration's cuts on emissions regulations and withdrawal from the Paris Agreement allowed the industry to do whatever it wanted. But that hasn't been the case, as the industry has already been making significant investments in new technologies to decrease and capture GHG and has altered drilling programs to decrease emissions from flaring associated gas. Accordingly, the public sentiment and resulting investor confidence in the industry can possibly increase under stricter policies that promote the belief that organizations

[20] "Oil Industry Consolidation Heats Up as Jobs Disappear," David Blackmon, *Forbes*, October 5, 2020, www.forbes.com/sites/davidblackmon/2020/10/05/two-new-reports-oil-industry-mergers-heat-up-as-jobs-disappear/?sh=3f85be5a3223.

[21] "Potential Impacts on Oil Industry of a Biden Administration," Dan Eberhart, *Forbes*, October 15, 2020, www.forbes.com/sites/daneberhart/2020/10/15/potential-impacts-on-oil-industry-of-a-biden-administration/?sh=23b4e9a910ee.

	producing under more stringent standards are cleaner operators. In essence, industry players receive a social license to operate. As the Biden administration's policies reduce domestic production, it will be interesting to observe foreign policy developments with respect to dealing with Trump's sanctions on Iranian and Venezuelan production exports. A pro-Iran policy could result in reduced U.S. influence with OPEC and Saudi Arabia. All of these developments serve as an accelerant of the industry's response to market forces. As the industry undergoes significant change and the market has already put a clamp down on the industry and is pushing an ESG focus, it might temper what the Biden administration actually needs to put in place.
Shipping	Shipping is an industry that thrives on global supply chains and low trading barriers for goods. The Biden administration's emphasis on "Buy American" and bringing back critical supply chains to America to reduce dependence on foreign countries in times of crisis is not a positive indicator for the industry. Neither is the likelihood of reduced crude exports due to more stringent permitting for U.S. pipelines, decreased fracking on federal lands, regulatory limits on methane emissions and flaring, and ceding oil market share to Saudi Arabia and OPEC. The new administration will also advocate the current law mandate that only U.S. flag vessels carry cargo between U.S. ports. Thus, the industry as a whole could be looking at a reduction of American imports. Adding to these considerations is the potential impact of regulations and initiatives related to climate change and considering the Biden appointees to date who are focused on green energy solutions.
Technology	The tech giants have become a lightning rod for both political parties and for different reasons. Biden's campaign asserted that the large technology companies have "not only abused their power, but misled the American people, damaged our democracy and evaded any form of responsibility."[22] Now that Democrats control the House and the Senate, the industry can expect changes to come from the likely nomination of more liberal leadership at the FTC, FCC, DOJ and other agencies, as well as major congressional committees being chaired by Democrats. Several industry-related issues are likely to come under scrutiny: *Antitrust Legislation:* High on the agenda are changes to antitrust law that make it easier to block mergers or force companies to modify how they do business. Expected to lead the Senate Antitrust

[22] "Big Tech Makes Inroads with the Biden Campaign." David McCabe and Kenneth P. Vogel, *New York Times*, August 10, 2020, www.nytimes.com/2020/08/10/technology/big-tech-biden-campaign.html.

	committee, Senator Amy Klobuchar has introduced legislation in the past that would make it easier to prosecute big tech companies, or any company with greater than 50% market share, under antitrust law by shifting the burden of proof from the government to companies in certain cases. In addition, Subcommittee Chair David Cicilline plans to, among other things, expand the FTC's authority to collect data from companies to assess their market power. *Privacy Legislation:* Expect the Democrats to push to bring U.S. privacy rules closer to standards adopted in Europe and by the state of California, giving consumers the right to know how their personal information is collected and used. *Content Moderation:* There is interest in forcing tech companies to more closely moderate content on their respective sites. Interestingly, Amazon has stopped hosting Parler given content moderation issues and Apple has removed Parler from its app store. *Section 230:* The Democrats are expected to shift the debate around Section 230 of the 1996 Communications Decency Act, which shields internet companies from lawsuits over content posted by users on their sites, from whether it allows tech companies to censor conservative views to requiring internet companies to be more aggressive in moderating political speech to weed out disinformation. *Net Neutrality and Broadband Access:* The FCC will be charged with taking a stance on net neutrality (an Obama era reform that sought to prevent internet service providers from favoring some internet traffic over others, e.g., users and businesses can't pay for a "fast lane" or to slow down another website's traffic). This issue has become even more important during remote work and distance learning due to the pandemic, especially in rural areas. *Status of Gig Workers:* The Labor Department will face questions about whether gig workers should be classified as "employees" under federal law, which will affect companies like Uber, Lyft, DoorDash and Instacart. *H-1B Restrictions:* The technology industry has long championed expanding the H-1B Visa program to recruit highly skilled workers from overseas who are not available domestically in the volume required. The Biden administration is expected to reform the Trump administration's H-1B system and work toward eliminating limitations on the number of green cards the government issues each year. However, with control of both chambers of Congress, Democrats could pursue more comprehensive reforms, like the path to citizenship for "Dreamers," as well as expand high-skilled immigration and fast-track permanent residence for people on

	student visas in STEM fields, similar to the policies pursued in 2013 but failed in what was then a Republican-controlled House. The above topics will command the most attention in the industry. Other topics include tackling issues of perceived discriminatory algorithms and biased facial recognition technology, regulating digital political ads, and considering the establishment of a new federal agency to regulate tech companies.

Mixed

Airlines	The airline industry will certainly experience greater demand once the pandemic is under control. The pace of recovery is dependent on the efficacy of the vaccines and their distribution and administration as well as the percent of the population that is vaccinated. The incoming administration's focus on public health protocols, including mandating wearing of masks for commercial flights (which reinforces what the airlines are doing anyway) and the vaccination process may give this initiative a shot in the arm. The more effective the process, the greater the industry's recovery prospects to the ultimate new normal. Congress' December stimulus bill includes $15 billion in payroll protection for airlines. Like its predecessor, delivery of the stimulus is predicated on a precondition of not involuntarily furloughing employees during the protection period. In addition, this latest bill sets another precondition for bringing employees previously laid off back to work by the end of March. That's 32,000 employees for the whole industry. As airlines await specifics from Treasury, the challenges in bringing workers back from furlough and ensuring they will have something to do are more than meets the eye. Further, when the protection ends, everyone is sent home again.[23] Time will tell whether the Biden administration and Congress will grant more stimulus funding when the $15 billion runs out. In addition, with aviation accounting for nearly 2% of GHG emissions, the Biden administration is expected to target these emissions by incentivizing the creation of sustainable fuels for aircraft and fostering measures such as air traffic pattern management.
Automotive	See comments below under "Industrials," as they apply also to the automotive industry. In addition, the Biden administration will restore the electric vehicle tax credit to incentivize the purchase of these vehicles, targeting middle class consumers and vehicles made in America. These tax credits for electric vehicles would not only

[23] "Well-Intended Stimulus Will Help Airline Employees, But Not For Long," Ben Baldanza, *Forbes*, December 23, 2020, www.forbes.com/sites/benbaldanza/2020/12/23/well-intended-stimulus-helps-airline-employees-but-not-for-long/?sh=877912627d6c.

	help newer OEMs like Tesla, Lucid and Nikola, but also traditional OEMs like GM, Ford and Volkswagen, all of which are investing billions in alternate fuel vehicles. To address a major obstacle to more expansive deployment of electric vehicles, the new administration intends to work with states and cities to deploy more than 500,000 new public charging outlets by 2030, which is quite aggressive when one considers there are only 27,000 such outlets at the present time. A new fuel economy standard will be set that goes beyond what the Obama administration had in place. Potentially tougher emissions standards on traditional gas-burning vehicles present a downside for the industry.[24]
Healthcare	No doubt, the new administration's top priority on the healthcare front will be containing the spread of COVID-19, with an emphasis on letting science play more of a central role in setting policy, developing and delivering vaccines, and preparing for future pandemics. Since the pandemic began, Democrats have been highly critical of the COVID-19 data collection process implemented by the Trump administration. The new administration is expected to centralize these systems for use by the CDC and CMS. Additionally, as part of a focus on health equity, the Biden administration's COVID-19 response will include addressing racial health disparities. The Biden administration will protect the Affordable Care Act (ACA) and resist attempts by the progressive left to adopt a government-funded single payer program that would scrap private health insurance. The administration plans to bring back the individual mandate and, if successful, there will be a penalty for not being covered under health insurance. The administration will build on the ACA by giving Americans more choice through a public health insurance option similar to Medicare that would be available on the ACA insurance exchanges and an expansion of eligibility for Medicare and Medicaid recipients, e.g., reduce the enrollment age for Medicare from 65 to 60. In addition, there may be efforts to support taxpayer funded abortions, make healthcare options more readily available for immigrants, extend access to mental health care, and enact legislation to cease surprise medical billings, particularly from out-of-network providers. Finally, the Biden administration is expected to propose directing the HHS to establish an independent review board to assess the value of specialty drugs. The goal is to have the board recommend a

[24] "Factbox: What impact would a Biden presidency have on the auto industry?," Tina Bellon and Paul Lienart, Reuters, October 30, 2020, at www.reuters.com/article/us-usa-election-autos-biden-factbox/factbox-what-impact-would-a-biden-presidency-have-on-the-auto-industry-idUSKBN27F2EX.

	reasonable price for certain drugs, which will determine what Medicare (and any public option) will pay. See additional related discussion in the Pharmaceuticals section below.
Industrials	The new administration is unlikely to stem the trend over recent months toward compressing global supply chains through reshoring and near-shoring, with an objective of reducing dependence on other countries for critical materials and components in future crises. The last two elections have been won and lost in the rust belt states, and failure to bolster and strengthen American manufacturing and innovation with a focus on jobs could impact the presidential election in this region yet again in 2024. The Biden campaign dismissed Trump's "Made in America" mantra – largely because foreign investment outpaced domestic investment and American manufacturing exports have declined – and embraced its own mantra, "Made in All of America." Accordingly, the new administration is expected to support policies that will build a strong industrial base and small-business-led supply chains that will retain and create millions of jobs across the country. These policies will encourage investing in manufacturing and technology to make in America many products currently being imported. Industrial revitalization will be driven by taxpayer-funded government procurement of American products to support American jobs, reduced dependence on China and other countries on critical items, tightening up "Made in America" advertising, and multilateral efforts with allies to address trade abuses that put American products at a disadvantage. An important part of this effort will be to enact legislation that would increase worker bargaining power to drive up wages and secure stronger benefits. The president also promised during the campaign to enact a national strategy around developing a low-carbon manufacturing sector in every state with accelerating cutting-edge technologies and reskilled/upskilled workers. The plan would make available tax credits and subsidies to businesses to upgrade equipment and processes, invest in new or expanded facilities, and deploy low-carbon technologies.
Insurance	As discussed above, healthcare payers stand to gain from a strong focus on bringing the COVID-19 pandemic to an end. More importantly, Biden's proposal to lower the Medicare eligibility age to 60 would pass a high-risk group in private insurance pools into the hands of the government and ultimately the taxpayers. The president's rationale behind the move is that it would lower the costs of Medicare by bringing on a *lower*-risk group into that pool of insureds. In addition, payers can take solace in that Biden intends

	to resist calls from the progressive wing of his party for a single-payer model, which would do away with private insurance, and focus on shoring up the Affordable Care Act. As for the life and annuity sector, Biden's SEC chair could introduce tougher customer-care standards on the sale of financial products related to retirement savings.[25] In addition, the trends over the last four years toward a "consumer mindset" rooted in transparency is expected to continue, resulting in digital comparisons of products and their benefits becoming a requirement. As COVID-19 has forced the industry into virtual selling, regulators will likely require auditability and transparency over how consumers are treated during the virtual process.[26] As for property and casualty (P&C) insurers, the change in the political landscape can have a significant impact in several ways:[27] • As Trump's tax cuts enabled the industry to be more competitive with foreign insurers, Biden's focus on raising corporate taxes could unlevel that playing field. • As Biden tackles climate change with a package expected to focus on mitigation, energy and infrastructure, look for the industry to keep a keen eye on how that package affects key industries with the related impact on underwriting appetite and risk-based pricing. • Once the pandemic began last year, P&C providers resisted demands for business interruption claims stemming from COVID-19 lockdowns, asserting that such losses were not anticipated in their policies. As the industry continues in "war footing" mode, it will be interesting to see whether it can garner support in a Democrat-controlled Congress for its position that pandemic risk is not insurable. • On a positive note, the political risk insurance market may get a boost with the change in direction with an opportunity to offer credit and political risk insurance to manage geopolitical threats to business.

[25] "Biden May Step Up Regulations For U.S. Insurers, Bolster Affordable Care Act in Pandemic Fight," Antonita Madonna, Reuters, November 13, 2020, www.reuters.com/article/bc-finreg-biden-administration-pandemic/biden-may-step-up-regulations-for-u-s-insurers-bolster-affordable-care-act-in-pandemic-fight-idUSKBN27T2I8.

[26] "What to Expect From the Life Insurance Industry in 2021," Bill Unrue, WealthManagement.com, December 22, 2020, www.wealthmanagement.com/insurance/what-expect-life-insurance-industry-2021.

[27] " What P/C Insurance Industry Can Expect if Biden Wins or if Trump is Re-Elected," Andrew G. Simpson, *Insurance Journal*, October 2020, www.insurancejournal.com/news/national/2020/10/19/586992.htm.

Pharmaceuticals	In the near term, the industry should benefit from the Biden administration's proposed pandemic response, doubling down on coronavirus testing, focusing on the production, distribution and administration of hundreds of millions of vaccine doses, and stockpiling essential items to reduce reliance on other countries. However, from a bigger picture perspective, the new administration is expected to take an aggressive approach to drug pricing reform on a number of fronts, perhaps leveraging the 2019 Prescription Drug Pricing Reduction Act from the Senate Finance Committee as a starting point. First, it will give Medicare the power to negotiate prescription drug prices. Second, it will seek to limit launch pricing for new drugs facing no competition, limit price increases for all brand, biotech and abusively priced generic drugs to the general inflation rate, foster competition by allowing consumers to buy prescription drugs from other countries, and improve the supply of quality generic drugs. In addition, it will seek to end the tax deduction taken by pharmaceuticals for advertising prescription drugs, as these marketing costs are seen as a driver of escalating prices. These measures are likely to create headwinds which will have a larger and longer-term impact on this sector.
Utilities	As discussed earlier for the renewables sector, market forces are already driving power companies to use renewables and cheap natural gas for electricity generation. The new administration's energy platform calls for the U.S. to reach net zero carbon emissions by 2050. But the majority of utilities in the U.S. have already made this pledge.[28] Any efforts to accelerate decarbonization of power generation will likely consider the importance of reliability, as recurring massive blackouts will lose the confidence of the electorate, and that means lost votes. It is expected that the administration will limit natural gas production by restricting drilling on federal land. It will also evaluate issues affecting the future of nuclear energy as a viable low- and zero-carbon energy alternative, including cost, safety and waste disposal systems. Utilities that have embraced a swifter transition to renewables will continue to reap rewards in the market under the Biden administration, while those that have not yet started the transition or are further away from their end goals might be strategically disadvantaged should there be an externally driven push to accelerate their progress.

[28] "What a Biden Presidency Could Mean for Utilities," Charles Fishman, Morningstar, October 16, 2020, www.morningstar.com/articles/1004692/what-a-biden-presidency-could-mean-for-utilities.

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