

LEG REG REVIEW

2009, Ninth Issue March 16

LEG REG REVIEW is a periodic newsletter produced by PHILLIPS ASSOCIATES, a professional lobbying and consultant firm located near the State Capitol. It contains news on the legislative and regulatory scene in Pennsylvania that may be of interest to the Insurance and Business Communities. It is a free member benefit for those who are members of the Pennsylvania Association of Health Underwriters (PAHU) or Manufacturers Association of South Central PA (MASCOPA). Subscription information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 FAX 717/728-1164 or e-mail to xenobun@aol.com. Please email jtrout2792@aol.com supplying both your name and e-mail address if you wish to be removed from this list.

TECHNOLOGY GLITCH CAUSED DELAY

Due to a server crash, Leg Reg Review Eighth Issue March 9 was delayed to some subscribers. If that was you, PHILLIPS ASSOCIATES apologizes for any inconvenience that may have caused.

HOUSE INSURANCE COMMITTEE PREPARES FOR VOTING AGENDA

The House Insurance Committee has scheduled a March 17 meeting to consider:

- HB 838 (Longietti-D-Mercer) increasing the dependent age in health insurance to 30. This is a repeat from last session when Rep. Longietti's bill cleared the House. Similar legislation was moved by the Senate Banking & Insurance Committee (below) and is also incorporated within House Bill 746 (DeLuca-D-Allegheny), the subject of a March 12 Insurance Committee hearing.
- HB 173 (Eachus-D-Luzerne) would reauthorize the PA Health Care Cost Containment Council (PHC4) until 2014. It adds some provisions to require meetings of technical advisory committees to be open to the public, prohibit the use of a specific vendor for submission of data by health providers to PHC4, and possibly (uncertain from the reading of the bill) eliminate the Abstraction & Technology Work Group.
- HB 522 (DeLuca) protects insurer actuarial standards and financial information from the reach of the Open Records Act.
- HB 526 (DeLuca) specifies return of unearned Credit Insurance premiums to debtors if the loan is paid off early.

SENATE COMMITTEE MOVES INSURANCE MEASURES

As expected, the Senate Banking & Insurance Committee moved a number of insurance bills of interest to the life and health producer communities. These are:

- SB 189 (Corman-R-Centre)) increasing dependent age to 30. It is included as part of the Senate Republicans' health reform package.
- SB 443 (White-R-Indiana) giving the OK for insurers not to pay claims based on preventable adverse events.
- SB 442 (White) setting up a mini-COBRA in PA for 2-19 lives. Refer to www.legis.state.pa.us for text.
- SB 237 (Corman) repeating the annuity suitability legislation (SB 1307) introduced last session. It is based on the NAIC model and protects the agent if the client does not provide complete financial information when the annuity options are assessed.

LOSS COST APPROVED BY DEPARTMENT

The Insurance Department approved with changes the loss cost filing from the PA Compensation Rating Bureau last December. Effective April 1, 2009, the new loss cost shows an average decrease of about three percent. To review loss costs by occupation, refer to PCRb Circular No. 1560 at www.pcrb.com. While there, you might be interested in reviewing Circular 1547 (March 5) that goes through the history of loss cost filings and the Workers' Compensation pricing system.

FEDERAL FLOOD INSURANCE UPDATES

Included in the Omnibus Budget bill signed by President Obama was an extension of the National Flood Insurance Program (NFIP). The NFIP's authority to function had been continued since last September 30 under a continuing resolution while Federal legislators sorted out differences between House and Senate versions. **The new sunset date for NFIP is September 30, 2009.** It continues the program as is.

Meanwhile, the House version from last session has been re-introduced by Rep. Gene Taylor (D-MS) as HR 1264. Although similar in most respects to the Senate legislation, **HR 1264 adds wind coverage** to a new multi-peril product sponsored by NFIP. It was approved by the U.S. House 263-146 in 2007. This approach has been opposed by the two property/casualty agents associations, the Big I and PIA. On March 13, a number of environmental groups weighed in to oppose the multi-peril product because it was seen as less preferable than making communities more resilient to storms and investing in wetlands restoration. These groups included the Sierra Club and others.

The third update is to note that this is **Flood Safety Awareness Week**. A resource for learning about NFIP and NOAA (National Oceanic and Atmospheric Administration) tools is www.floodsmart.gov/noaafloodweek. Among other things, the site will feature an interactive map to show the extent of past floods.

REGULATORY UPDATE

- T.A. Insurance Company, a domestic title insurance company, is seeking to merge with California-based First American Title Insurance Company with First American surviving the merger.
- The Independent Regulatory Review Commission (IRRC) issued comments critical of the Department of Environmental Protection's proposed regulations (7-424) regarding the Coal and Clay Mine Subsidence Insurance Board which regulates insurance producer marketing of mine subsidence insurance. Two specific concerns involved agent confidentiality of policyholder information and a question as to the methodology by which the Board will establish commissions.
- IRRC will convene a public meeting on April 2 to consider an Insurance Department on Medicare Supplement Minimum Insurance Standards (Reg. No. 11-242)
- The Insurance Department has issued a data call from medical malpractice carriers to assess availability of coverage. Questions: Mike McKenney 717/705-0166

BIG I UPDATE

The Independent Insurance Agents and Brokers of America (Big I) released a **market analysis** showing that independent agents are responsible for 60 percent of property/casualty premium revenues. According to the report, independents' share for 2007 was \$288.5 billion of the \$489 billion total. This is the 13th year the study was done based on A.M. Best year-end data. (Thanks to IFAwebnews.com for this item.) ...Also from the Big I is the announcement on a **webinar on understanding Certificates of Insurance**. Entitled 'Everything You Wanted to Know...', the broadcast will take place March 19. This might be particularly useful given the PA Insurance Department's recent Notice on proper use of Certificates of Insurance reported in Leg-Reg Review. Details on the webinar: www.iiaba.net/vu.