

LEG REG REVIEW 2006, Fourteenth Issue

LEG REG REVIEW is a periodic newsletter produced by PHILLIPS ASSOCIATES, a professional lobbying and consultant firm based near the State Capitol. It contains news on the legislative and regulatory scene in Pennsylvania that may be of use to insurance producers, companies, and business parties. It is a free Member Service if you belong to the Pennsylvania Association of Health Underwriters or the PA Surplus Lines Association. Subscription information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 FAX 717/728-1164 or e-mail xenobun@aol.com. Please email jtrout2792@aol.com supplying both your e-mail and fax numbers in order to convert this publication to e-mail. If you wish to no longer receive it, please let us know.

FEDERAL NEWS UPDATE

A number of national issues of interest to the PA insurance community surfaced last week.

Association Health Plan legislation fell short of the 60 votes needed to prevent a Democratic filibuster. S. 1955 (Enzi) received 55 yes votes including a yes vote by Senator Santorum. (Sen. Specter did not vote.) Overall, Republicans supported the measure with one defection whereas Democrats (except for two) voted solidly against. Long a priority of the NFIB, S. 1955 was softened to meet objections of groups such as the National Association of Health Underwriters (NAHU) and NAIC by including more state regulatory authority than the House version and by requiring that these plans be backed by admitted insurance carriers (solvency concerns).

*According to ComplianceAssurance Corporation, an Internet privacy compliance firm, the **Federal Trade Commission announced a privacy ruling** May 10 against Nations Title Agency and Nations Holding Company for not maintaining physical, electronic, and procedural safeguards on insureds' confidential data. FTC Chairman Deborah Platt Majoras was quoted as saying, "Careless handling of consumers' sensitive financial information is an open invitation to identity thieves. Enforcing the laws designed to protect (this) data is a priority at the FTC... We will bring more cases if companies continue to fail consumers"*

June 1 is the date to register your opinion with the body charged by the 2003 Medicare Reform law to recommend **what national health policy should be**. Sample questions: whether or not medical underwriting should be used, whether employers should be mandated to provide health insurance, whether the government should simply take over the overall task of providing health coverage, whether consumer directed health plans are desirable and so forth. Details: www.citizenshealthcare.gov/speak_out/hcpoll.php.

Medical malpractice reform advocates (Republicans and the Bush Administration) were defeated by a Senate vote on S. 22, again without the 60 needed, to impose a cap on non-economic pain and suffering medical malpractice awards. This was a procedural vote but one which doomed the bill. Senators Santorum and Specter both voted yes. In addition, Santorum is a sponsor of S.22.

May 1 was the date that life insurers were supposed to begin educating their agents on new federal rules governing **money laundering** according to NAIFA. NAIFA has been working with companies to try to standardize training so that producers are not bogged down in endless and duplicative training.

LEGISLATURE IN RECESS

The PA General Assembly is on recess until May 22 (Senate) and June 5 (House) when legislators will return to focus on the FY 2006-07 Budget for the Commonwealth. Following are a number of updates:

- Governor Rendell signed HB 2054 and SB 881 into law. They re-write rules regarding seizure of property under eminent domain and sets forth compensation requirements.
- The Insurance Committee held a May 3 hearing on HB 1850 on retroactive reimbursement of excess payments to providers. (Issue brought by the chiropractors)
- The House passed SB 601 prohibiting the publication or posting of Social Security numbers. Insurers are exempted. The bill goes back to the Senate for concurrence.
- The 'black box' bill, SB 1050, was re-referred to the Senate Transportation Committee after intense discussion which resulted in (among other things) a prohibition on insurers' using the data recorder information to impact on auto rates.

INSURANCE DEPARTMENT RELEASES EXPORT LIST

The PA Insurance Department published the revised export list May 13. This list includes those types of insurance coverage where the required three declinations do not apply before a producer can access the excess and surplus lines market. The Department feels that these coverages are so hard to come by in the standard market that surplus lines is almost a given. Examples include amusement parks, chemical spraying & drift, and taxi liability. Newly added to the export list is real estate environmental impairment coverage. This list succeeds the one published June 4, 2005. The full list is available on-line from the PA Surplus Lines Association www.pasla.org.

OTHER DEPARTMENT UPDATES

- May 15 is the due date for PA workers compensation carriers to file their Special schedule W with the Department. Among other things, this requires carriers to list premium volume and losses.
- Companies seeking Certificates of Authority are Synergy Comp Insurance Company, a stock casualty company, and Geisinger Quality Options, a preferred provider organization. A company seeking to re-domesticate to Nebraska from PA is Commonwealth Title Insurance Company.

COMING UP

- PRIMARY DAY is Tuesday May 16.
- The House Labor Relations Committee and House Aging and Older Adult Services meetings set for the last week of May are cancelled.
- The House Health and Human Services Committee scheduled a meeting on smoking ban legislation May 23 - HB 1489 (Cornell-R-Montgomery) and Tobacco Settlement Health Venture Investment Account legislation, HB 2663 (Nickol-R-York).
- The committee also plans a meeting May 24 to discuss changes to the Public Welfare Code and a June 9 hearing on hospital charity care in Pittsburgh.
- On May 23 the Senate Communications and Technology Committee will meet to discuss two privacy bills. HB 2134 limits state agency collection of Social security numbers and prohibits health insurers from using them as ID numbers. The second bill, SB 1036, deals with phishing.
- The House Education Committee has an informational meeting on flu pandemic preparedness at the Hershey Medical Center May 24.
- House Licensure Committee meets May 24 to discuss consumer complaints against the regulated professions and addresses the overlap between criminal and licensure laws.