

LEG REG REVIEW

2006, Twenty-seventh 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.

INDUSTRY GIANT PASSES

Scott Jackson, CAE, died September 29 at the age of 56 from natural causes in Hershey. Scott led the National Association of Insurance and Financial Advisors- PA as its CEO since August 1994. He is credited for positioning NAIFA-PA to its current status of membership stability and financial growth by developing a joint utilization of administrative resources between NAIFA-PA and PASAE (association executives' association), PA Assn. of Nonprofit Organizations, the Chamber Executives' Association, and others. He is past leader of PASAE, having led that group through a difficult rebuilding period into one of strong membership growth. His service to the Association Community also includes a stint as the number two person at the former PA Association of Life Underwriters in the 1980s as well as his work with Lancaster County associations. He held the prestigious Certified Association Executive designation bestowed on him by the American Society of Association Executives.

PERSONAL NOTE: I have known Scott since 1989. He truly was a gentleman of the old school where his word was his bond and integrity was the star by which he set his course. The Association and Insurance Communities have lost a giant whose leadership and personal qualities are a model to all.

UPCOMING COMMITTEE WORK

- House Health & Human Services Committee plans a hearing October 19 on HB 2718 amending the Insurance Company Law providing for prosthetic devices reimbursement.
- This week, the House Insurance Committee considers two bills:
 - SB 972 extends the life of the abatement program for physicians (subsidizing the MCARE assessment for Medical Malpractice insurance) through 2008 and adding emergency physicians whose eligibility would begin in 2007.
 - SB 1335 sets the premium for a conversion health policy as the same as an individual guaranteed issue individual product i.e. reauthorizes an existing PA statute designed to continue PA's compliance with HIPAA.

WC TORT REFORM BILL PASSES SENATE COMMITTEE

The Senate Labor & Industry Committee last week moved House Bill 2738. It would affect Workers' Compensation litigation by (among other things) permitting parties in mediation to participate by teleconference. It had passed the House back in June.

UC COURT HEARING DATE SET

A court hearing in *Pivunti v. PA Unemployment Compensation Board of Review* has been scheduled in Philadelphia November 15. At issue is whether or not businesses may use non-attorneys to represent their interests at these UC appeals hearings.

NAIC ISSUES TWO CE DOCUMENTS

The National Association of Insurance Commissioners issued two pronouncements in September that may have an eventual impact on PA insurance producers. A **Model Bulletin** establishes minimum training requirements for insurance producers offering policies through the National Flood Insurance Program (NFIP). The Flood insurance Reform Act of 2004 requires NFIP-approved producers to undergo training before they are able to sell NFIP Flood Insurance. A second NAIC action adopted **changes to its Long Term Care Model Act and regulation** during its September meeting in St. Louis requiring producers to have specific training, a one-time eight-hour course, before selling long-term care insurance.

IMPORTANT: Currently, Pennsylvania does not require specific Continuing Education in order to sell a line of insurance. Neighboring states of Delaware and Maryland require CE on Flood Insurance for those producers while DE mandates ethics education for all insurance agents.

FEDERAL ACTIONS OF INTEREST TO PA PRODUCERS

- The U.S. House of Representatives passed HR 5637, the Nonadmitted and Reinsurance Reform Act of 2006. Of interest to surplus lines licensees, this bill prohibits any state except for the home state of the insured from collecting surplus lines premium tax, a move designed to end the patchwork of often conflicting laws related to the premium tax. Among other things, HR 5637:
 - Subjects nonadmitted insurer regulation solely to the insured's home state
 - Prohibits a state two years after passage of this Act from collecting fees related to licensing of a nonresident insurance broker in the state unless the state is a subscriber to the NAIC producer database
 - Exempts large commercial risks from the declination requirement [defined as a business with a full-time risk manager which has purchased \$100,000 worth of insurance in a year and (one of the following) net worth of \$20 million, \$50 million net revenue, 500 full-time staff, a non-profit with a budget of \$30 million, or a municipality with population of 50,000].
- On September 27, the U.S. House Ways and Means Committee moved a bill that expands Health Savings Account contributions currently capped at the amount of the deductible to \$2,700 for individuals and \$5,450 for families for the 2006 tax year. The bill also allows roll-over into HSAs from Flexible Spending Accounts (FSAs) and Health Reimbursement Arrangements (HRAs). There would also be a one-time ability to transfer IRA monies into a Health Savings Account. The bill is not without controversy given that the committee vote went along party lines.

NOTE: The Long-Term Care Partnership bill mentioned in last week's Leg-Reg Review is Senate Bill 1300 sponsored by Sen. Jake Corman (R-Centre). It is a very different version than House-passed HB 93, simply telling DPW to file a Medicaid waiver instead of detailing how the LTC Partnership would function. Both bills are in the Senate Banking & Insurance Committee