

LEG REG REVIEW 2007, Twenty-Eighth 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 useful to insurance producers, companies, and business interests. It is a free Member Service if you belong to the Pennsylvania Association of Health Underwriters or Manufacturers Association of South Central PA. 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 tell us.

ENERGY TO DOMINATE EARLY PART OF FALL SESSION

Governor Rendell's energy proposal is expected to dominate the early days of the fall session of the General Assembly. In seeking energy independence, the Governor proposed a plan providing incentives for alternatives (solar panels for example) and reducing energy use as well as requiring better monitoring of energy use. Funded in part by a fee on both residential and commercial customers, the proposal has been criticized by Republicans saying that tax increases are not acceptable and that the proposal will lead to long-term PA debt. Both House and Senate GOP have alternative plans.

SURPLUS LINES MEMO RESTRICTS COMMUNICATION

The PA Surplus Lines Association (Stamping Office) issued a September 14 notice to surplus lines licensees advising them that past communications done by PSLA to non-licensed central office personnel have resulted in an increase in errors & omissions which is "beginning to reach serious levels of frequency and severity." According to the memo, these errors involve filing requirements of Pennsylvania law. Henceforth, the Stamping Office will only communicate with surplus lines licensees and the agency where the business originates and not with a central or national office.

RENDELL SEEKS SCHOOL BENEFIT CONSOLIDATION

According to media reports, Governor Rendell is interested in consolidating school district benefit programs into one state-run program. The Public School Employees' Benefit Board would be established to set benefits and administer the phase in of 500 of the 501 school districts, Philadelphia excepted. Perceived advantages are economy of scale and lessening of collective bargaining discord.

COMMITTEE WORK

Most committee work in the next week or so is not insurance related. This picture will change once the **House Insurance Committee** resumes its legislative work in part based on the hearings recently held throughout the state in late August and early September. The **Senate Banking & Insurance Committee** 9/18 is considering the nomination of Steven Kaplan to be Secretary of Banking. It is also taking up a package of bills sponsored by Sen. Pat Browne (R-Lehigh) addressing problems in the mortgage industry (SB 483, 484, 487, 488). Also on September 18, the **House Professional Licensure Committee** will consider House Bill 1805 to regulate home inspectors. Section 506 requires that home inspectors carry E&O and general liability insurance policies with coverage at \$100,000 per occurrence, \$500,000 aggregate with deductibles of \$2,500.00 or less.

PARTISAN GROUP ISSUES KATRINA REPORT

- A report issued by American Association for Justice previously known as the Association of Trial Lawyers attacked insurer Katrina claims payments. Entitled “Pattern of Greed 2007: How Insurance Companies Put Profits Over Policyholders”, the report may be accessed at www.justice.org/POG2007.pdf. In contrast, the Insurance Information Institute believes that most Katrina claims were settled to the satisfaction of all. (www.iii.org)

IF YOU ARE LOOKING FOR A FRAUD STORY...PA Attorney General Tom Corbett reports that 12 persons were charged with insurance fraud in Philadelphia, allegedly staging an accident where an Atlantic City-bound bus was struck by a car driven by the cousin of one of the passengers. 20 out of the 21 passengers filed insurance claims along with eight others who were not on the bus.

REGULATORY NOTES

- American Sentinel Insurance Company, a PA domiciled stock casualty company has asked the Department to let it sell Workers Compensation insurance.
- Insurance companies selling medical malpractice insurance are required to provide 2006 claims information to the Insurance Department by October 17 using an Excel spreadsheet. Details: Bojan Zorkic 717/787-6968 bzorkic@state.pa.us
- The PA Council on Aging will meet on October 16, 17, and 18 in Harrisburg. Details: Darlene Sampson 717/783-1924
- According to IFAwebnews.com, the Insurance Department asked NAIFA-PA to provide it with information on “zero-premium”, “no cost to the insured” or “estate maximization plans”.
- The Office of Insurance Consumer Liaison issued a press release reminding parents to make sure that their college children are adequately protected.

PCRB MEMOS

The PA Compensation Rating Bureau has issued a number of notices of interest to the Worker’s Compensation insurance producer.

- The October 1, 2007 PA Manual is now available on the www.pcrb.com web site.
- The PA Basic Manual will undergo a format change effective November 1 (Circular 1536).
- November 1 look for revisions in Code 861 Automobile Dismantlers (Circular 1535).
- Manual revisions to section 1, Rule IX PA Construction Classification Program Adjustment Program (PCCPAP) are effective October 1.

MORE REGULATORY NOTES...

- Urban Insurance Company (domestic stock casualty insurance company) is seeking to surrender its Certificate of Authority to do business in PA.
- Medical Protective Company is seeking approval to acquire Millennium Insurance Company, a PA domestic stock casualty company.
- ***The Insurance Department released its latest export list in the September 15 PA Bulletin. The export list marks those types of coverage where the three-declination rule before a producer goes into the Excess & Surplus Lines market does not apply. Examples include hunting clubs, taxicab liability, demolition contractor’s liability, etc. According to this list, “Medical Malpractice Liability with or without related General Liability Coverage” and “Special Short Term Events” are also included. This list supersedes the May 13 list. Questions: Cressinda Bybee 717/783-2144.***