

LEG REG REVIEW 2007, Fifth 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 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.

HOUSE INSURANCE COMMITTEE BEGINS SESSION WORK

The House Insurance Committee began its work officially last week when the members were finalized followed by a call to meet by Chairman Tony DeLuca (D-Allegheny). The party ratio is 16 Democrat to 12 Republican, since the Democrats hold a majority in the House. Minority Chairman is Nicholas Micozzie (R-Delaware).

The first meeting is scheduled for February 8 in order to consider House Bill 112 (Eachus-D-Luzerne). This bill provides ‘*in insurance holding companies, for definitions, for acquisition of or control of or merger with domestic insurer and for acquisitions involving insurers not otherwise covered.*’ This is viewed as governing a Blues’ merger or acquisition should it occur. Text of the bill is available at www.legis.state.pa.us. (no space between hb and 112 when you type in the bill no.)

Members of the reconstituted committee are:

Democrats

Tony DeLuca, chairman
Dan Frankel (Allegheny)
Vince Biancucci (Beaver)
Ron Buxton (Dauphin)
Jim Casorio (Westmoreland)
Florindo Fabrezio (Erie)
Mike Gerber (Montgomery)
Nick Kotik (Allegheny)
Kathy Mandarino (Philadelphia)
Jennifer Mann (Lehigh)
Tony Melio (Bucks)
Eddie Day Pashinski (Luzerne)
Josh Shapiro (Montgomery)
Rick Taylor (Montgomery)
Don Walko (Allegheny)
Edward Wojnaroski (Cambria)

Republicans

Nicholas Micozzie, minority chairman
Scott Boyd (Lancaster)
John Evans (Erie)
Robert Godshall (Montgomery)
Tom Killion (Delaware)
Bob Mensch (Montgomery)
Steve Nickol (York)
Tina Pickett (Sullivan)
Marguerite Quinn (Bucks)
Brad Roae (Crawford)
Curt Schroder (Chester)
Mike Vereb (Montgomery)

SENATE BANKING & INSURANCE COMMITTEE MEMBERS ARE...

Chairman Don White (R-Indiana); Minority Chair Mike Stack (D-Phila.)

Republicans are: Bob Regola (Westmoreland); Gib Armstrong (Lancaster); Stewart Greenleaf (Montgomery); John Pippy (Allegheny); John Rafferty (Montgomery); Bob Robbins (Mercer).

Democrats are: Lisa Boscola (Northampton); Robert Mellow (Lackawanna); Christine Tartaglione (Phila.); Anthony Williams (Phila.)

BUDGET WILL DOMINATE WEEK

On Tuesday February 7, Governor Ed Rendell will unveil his proposed state budget for FY 2007-08 beginning July 1. Of particular interest will be the numbers as they relate to his proposed Cover All Pennsylvanians program that he unveiled January 17. Other insurance items to watch are:

- Operating budget of the Insurance Department
- Operating budget of Labor & Industry (Workers' Compensation)
- Budget for CHIP given the Cover All Kids expansion to 350% of the federal poverty level
- Budget for MCARE (medical malpractice) and abatement program
- The level of state subsidy for Crop Insurance (Agriculture Dept. budget)
- Media have also speculated that there may be a sales tax hike and leasing of the Turnpike.

REGULATORY UPDATE

- The Department of Labor & Industry issued a Statement of Policy (34 PA Code, ch. 123) regarding the **Uninsured Employer Guaranty Fund** established by Act 147 of 2006. This provides benefits to injured workers where the employer did not have Workers' Compensation coverage. Injured employees may notify the Uninsured Employer Guaranty Fund within 45 days after the employee knew that the employer was uninsured. It prevents employees from filing a claim until at least 21 days after claim notice is made to the Fund.
- **The PA Insurance Department is planning to issue at least seven regulations in 2007** according to a preliminary list published in the February 3 PA Bulletin. Issued in the spring or summer will be regs on **Producer Licensing** (31 PA Code ch. 37...37.84); **Motor Vehicle Financial Responsibility** (31 PA Code, ch.67...21-28); **Life Insurance Illustrations** (31 PA Code new chapter 87a); Preparation of P/C Forms, Description of Insurer Reserves and Unfair Claims settlement Problems (all per a 1996 Executive Order); and Qualifications for Qualified Reinsurers 31 PA Code ch. 161 (assets held in trust). Contact for Insurance Department regulations is Peter Salvatore 717/787-4429.
- **The Eligible Surplus Lines Insurer List was released by the Insurance Department and published in the February 3 PA Bulletin, replacing the July 10, 2006 list.**
- Aegis Security filed papers with the Department seeking to control Philanthropic Mutual Fire Insurance Company.

INSURANCE BILLS BEGIN TO APPEAR

Now that the General Assembly is fully organized, insurance bills are beginning to surface. In many cases, they are resubmissions of those introduced before. Note that just because they are listed here, there should be no assumption that they have 'legs'. Rather, the purpose is to give the reader a sampling on what is being introduced in the early session. Of the first six introduced, four dealt with health insurance:

SB 25 (Musto-D-Luzerne) requires **student coverage until age 30**

HB 82 (DeLuca-D-Allegheny) **cranial hair vacuum prosthetics coverage standards**

SR 7 (C. Williams -D-Mont.) directs the Legislative Budget & Finance Committee to study **health insurance discount options for child care providers through pooling**

HR 29 (Mann-D-Lehigh) directs Legislative Budget & Finance committee to report on the **pros and cons of allowing small businesses to purchase health insurance from adultBasic.**

Two personal lines P/C bills: **HB 34** (Cohen -D-Phila.) **increasing minimum coverage in auto and changing terms of full and limited tort to full and limited right to sue.** The other P/C bill restricts use of **credit scoring, HB 94** (Youngblood-D-Phila.).