

LEG REG REVIEW 2008, Seventeenth 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.

DEPARTMENT TO CONVENE BLUES HEARINGS

The PA Insurance Department has announced three hearings to discuss the proposed consolidation of Independence Blue Cross and Highmark Blue Shield, fulfilling a promise by Acting Commissioner Joel Ario to allow for more public input. Advance registration is encouraged but walk-ins are also accepted although obviously limited to available time.

Hearings are:

- * **July 8** **Pittsburgh at the Westin Convention Center**
- * **July 10** **Harrisburg Hilton**
- * **July 15** **Philadelphia Sheraton (17th and Race Streets)**

The Department will also accept written comments addressed to Robert Brackbill at rbrackbill@state.pa.us (Robert E. Brackbill, Jr., Chief, Company Licensing Division, PA Insurance Department, 1345 Strawberry Square, Harrisburg, PA 17120). Legislation specifically granting authority to the Department to act on this request is still pending in the General Assembly.

HEARING SET ON MANDATED BENEFIT

The Senate Banking & Insurance Committee meets May 13 for a hearing on Senate Bill 147 sponsored by Sen. Tommy Tomlinson (R-Bucks) to mandate health insurance coverage for colorectal cancer screening.

HOUSE INSURANCE COMMITTEE ACTIONS

The House Insurance Committee met May 6 and moved three bills:

- HB 2458 (Frankel-D-Allegheny) prohibits lenders from requiring insurance coverage exceeding the replacement value of the structure (not on the land value). This bill covers both homeowners' and commercial property insurance.
- HB 1959 (Longiotti-D-Mercer) requiring insurance companies to refund unearned premiums for Medigap policies should the policyholder decide to replace one policy with another.
- HB 1177 (Fabrizio-D-Erie) re Blues' payments to licensed clinical social workers

In somewhat of a surprise, the Insurance Committee opted not to move HB 1485 (DeLuca-D-Allegheny) that ensures Insurance Department confidentiality protection for insurer information relevant to financial condition. Despite speculation by groups such as the Property Casualty Insurers Association of America, the Office of Consumer Advocate for Insurance bill (HB 1121) was not on the agenda.

THIS MONTH IS...

In case you missed it, May is Disability Insurance Awareness month. According to ACLI, three out of ten American workers between ages 25 and 65 will lose work for three months or more because of an accident or other medical situation. (www.acli.org). In addition, May is also Motorcycle awareness Month. Remember, 'Motorcycles Are Everywhere.'

MONEY NEWS

April's tax collections amounted to \$3.7 billion in revenue, \$256 million more than anticipated. The latest revenue projections bring the budget surplus over estimate to \$436.6 million, over the Governor's projection of \$427.5 million. House Majority Appropriations Chairman Dwight Evans (D-Phila.) cautioned that the figures may be optimistic given that May's estimate for personal income tax is "higher than can realistically be expected", meaning that May's actual figures would show a shortfall in PIT, reducing the surplus. This news is important since the surplus would likely be used to fund various legislative and Administration priorities for the new FY.

MARYLAND HAS NEW PRODUCER LAW

Maryland's Governor signed over 100 bills into law on April 24, one of which changed requirements for Maryland insurance producers. According to Independent Insurance Agents of Maryland (Big I), the new law authorized the Maryland Insurance Commissioner to waive certain requirements for applicants having CLU, ChFC, CIC, CFP, FLMI, LUTCF, RHU, CEBS, REBC, HIA, in addition to CPCU, AIA, ARM, and Fellow of the Casualty Actuarial Society. Numbers of required Continuing Education hours per licensing cycle are now 24, up from 16, and adding a requirement that three hours must be in ethics. Expiration dates are also changed by enactment of House Bill 1589. (Details: IIAMARNOLD@aol.com)

REP. SCHRODER SET TO INTRODUCE AGENT MARKETING BILLS

Rep. Curt Schroder (R-Chester) is set to introduce two bills that will have insurance agents marketing CHIP and adultBasic. Since inception, the Insurance Department has furthered a marketing approach for the two public sector insurance programs that focus on direct media and outreach at public events and through school, health, and advocacy organizations. The PA Association of Health Underwriters (PAHU) has long maintained that if CHIP and adultBasic are truly insurance programs and not quasi-entitlement programs, they must be marketed in accordance with Act 147 that says that a contract of insurance must be "sold, solicited, or negotiated" by a licensed insurance producer.

REGULATORY UPDATE

- The PA Insurance Department filed a proposed regulation on life insurers and fraternal insurance companies specifying what actuarial opinions should contain. The purpose is to bring PA into compliance with the NAIC Model regulation.
- Announced May 8 was an Insurance Department decision to fine Consec Inc. \$2.3 million for "a pattern of harm in the long-term care insurance business" and an additional \$30 million in "additional improvements and restitution." The company is ordered to review LTC claims and policyholders having claims will be contacted by Consec Senior Health Insurance Company on how to initiate the review process.

POLITICAL NOTE...Rep. Frank Shimkus (D-Lackawanna) is seeking a hand recount of Democratic ballots cast in the primary because he believes that enough write-in votes were discarded because of ovals not being sufficiently blackened in. He had earlier been removed from the ballot because of alleged petition irregularities but tried an active write-in campaign to become the Democratic nominee.

FEDERAL NOTE on Broker Enforcement Action

The Financial Industry Regulatory Authority (FINA) is seeking comment on proposed rules that would require securities-registered firms to report alleged sales practice violations by individual brokers in arbitration claims or civil lawsuits that do not name the broker as a respondent or defendant. (Source: www.IFAwebnews.com)