

LEG REG REVIEW 2010, 7th Issue March 19

LEG REG REVIEW is a periodic newsletter produced by PHILLIPS ASSOCIATES, a professional lobbying and consultant firm located near the State Capitol. It contains news on the legislative and regulatory scene in Pennsylvania that may be of interest to the Insurance and Business Communities. It is a free member benefit for those who are members of the Pennsylvania Association of Health Underwriters (PAHU) or Manufacturers Association of South Central PA (MASCOPA). Subscription information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 FAX 717/728-1164 or e-mail to xenobun@aol.com. Please email jtrout2792@aol.com supplying both your name and e-mail address if you wish to be removed from this list.

HOUSE VOTES ON INSURANCE MEASURES

The PA House of Representatives has passed two bills on to the Senate for concurrence. The major one was Senate Bill 237 (Corman-R-Centre) which combined elements of several separate bills to:

- Set standards to assess suitability of annuities. Although making a new suitability test that is the basis for an agent's 'advice' or recommendation, it also holds agents harmless if the client provides incomplete or false information
- Updates Pennsylvania's surplus lines law
- Ensures confidentiality of internal insurance company work documents related to actuarial research provided to the Insurance Department
- Federal law compliance (Michelle's Law, prohibition on genetic testing as part of underwriting etc.)
- Extends life of CHIP until the end of 2013

The Senate concurred and it went to the Governor for his signature March 17.

The second bill was House Bill 1251 (Costa-D-Allegheny) establishes a complaint and grievance system for long-term care insurance consumers against insurers. PAHU had opposed it, suggesting that the Unfair Insurance Practices Act already provides consumer protections or if additional protections were needed, the grievance/complaint system already in place for managed care plans could simply be extended.

INSURANCE COMMITTEE HAS FULL DOCKET

The House Insurance Committee had a March 17 meeting and scheduled another one for March 23.

The March 17 meeting:

- Approved HB 2206 regarding liability responsibility of persons related to the indigent
- Tabled until March 23 HB 1606 to establish an Office of Consumer Advocate for Health Insurance under the auspices of the Department of Community & Economic Development. This would be funded by an assessment on all insurers writing health insurance in the Commonwealth. Republican Chairman Nick Micozzie (R-Delaware) said that HB 1606 was duplicative of the work the Insurance department does and moved to table it.
- Tabled until the next meeting HB 1736 regarding public adjusters
- Approved HB 1737 regarding the Insurance Fraud Prevention Authority

Bills scheduled for March 23 are:

- HB 246 amends the MCARE law to move to a Total Quality Management system and offer hospitals a 20% discount on their med mal premium if they adopt this standard to reduce medical errors
- HB 247 re-establishing certificate of need
- HB 2154 immunity from prosecution re insurance fraud
- HB 1750 an inclusive update of insurance fraud law

OTHER LEGISLATIVE DEVELOPMENTS

- On March 15 the Senate adopted HB 526 (DeLuca-D-Allegheny) by a vote of 50-0. It requires that notices be sent to customers with credit life policies if there is unearned premium due to an early pay-off of the loan. The bill was supported by the PA Financial Services Association
- On March 15, Senator Daylin Leach (D-Montgomery) held a news conference to push for enactment of Senate Bill 1138 requiring insurance carriers to cover eating disorder treatment. He was joined by Republican Mario Scavello (R-Monroe), sponsor of House resolution 191.
- On March 17 the House approved HB 2041 (DeLuca-D-Allegheny) on towing standards and consumer notifications and protections regarding towing pricing and towers' custody of the vehicles.

BUDGET PROGRESS

Unlike some past years where budget progress was slow in coming, House Democrats have decided on a different tack by passing the original Governor's Budget through on party line votes as quickly as possible. Doing so puts the bill in the Senate's court to craft counter proposals. Democrats were criticized previously for stalling on the budget to score political points with constituencies affected by draconian cuts in last year's SB 850. **House Bill 2279 is the vehicle for the first budget bill.** It does not include language to expand the state sales tax as Governor Rendell had sought. That will be in a different bill. HB 2279 moved through the House Appropriations Committee March 8 on a party line vote. Of interest to agents servicing the farming community is a line item of \$1 million to continue the state's Crop Insurance Premium Subsidy Program.

REGULATORY UPDATE...

- The Independent Regulatory Review Commission (IRRC) issued comments critical of the Insurance Department's proposed Continuing Education regulation. Among other things, IRRC said that the Department must present a greater explanation as to why the changes are being sought and justify differences between the regulation and the NAIC Model regarding 'training' for agents selling long-term care insurance.
- Triumphe Casualty Company, a domestic stock casualty insurance company, is seeking to expand its underwriting authorities.
- Liberty Mutual Mid-Atlantic Insurance Company is seeking to re-domesticate from Pennsylvania to Massachusetts.
- Redland Insurance Company is seeking to merge with Praetorian Insurance Company. Both are stock casualty companies.
- The Insurance Department has approved a Workers' Compensation loss cost filing increase of .68 percent effective April 1, 2010. Details: www.pcrb.com Circulars 1571 and 1569.

HIGHMARK FILES LAWSUIT AGAINST DEPARTMENT

Highmark filed a lawsuit seeking to stop the Insurance Department's ongoing investigation into the Pennsylvania market's state of competition. Highmark said that the Department work was "unlawful and unauthorized" and was designed to deprive Highmark of its Blue Cross Blue Shield brand. The Insurance Department responded to vigorously state that it had not exceeded authority "to investigate some specific allegations of anti-competitive behavior having nothing to do with (using or licensing the Blue Cross Blue Shield brand). These have to do with their treatment of brokers and unfair pricing of insurance."

DID YOU KNOW...?

This is national Cover the Uninsured Week?