

LEG REG REVIEW

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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.

AGE 26 COMES EARLY

National carriers (Blue Cross Blue Shield Association, United, WellPoint, Aetna) have decided to implement the age 26 requirement contained within the new Federal health reform law June 1 instead of the legal date of September 23. Doing so allows young adults just out of school to continue on their parents' policy instead of forcing a gap in coverage over the summer and significant administrative costs regarding termination, reinstatement, and student verification. Pennsylvania lawmakers will have to review PA's Act 4 (SB 189) which extends dependent coverage through 29 for unmarried young adults. The Federal requirement is not optional like Act 4 and includes married persons to be dependents on their parents' policies.

INSURANCE COMMITTEE MOVES THREE

On April 20 the House Insurance Committee considered and moved three bills:

- HB 2392 (Shapiro-D-Montgomery) extends mini-COBRA from nine to 15 months to match the Federal subsidy period. After the subsidy expires, mini-COBRA reverts to the current nine months.
- HB 2368 (Harhai-D-Fayette) regarding company solvency measures
- HB 1865 (Burns-D-Cambria) requires equal insurer acceptance of oral versus intravenous cancer chemotherapy if the plan covers chemo

WHEN IT RAINS, IT FLOODS

Or at least it seems that way based on a spate of updates regarding the National Flood Insurance Program.

- With the latest short-term extension of the program, what happens to those caught in the period when there was no program? According to an April 20 memo from NFIP, the grace period for those policies whose renewal offers were not sent during the March 29 through April 15 pause in NFIP authorization will be extended by the number of days the program was inoperative (18 days).
- NFIP announced October 1, 2010 premium changes averaging four percent although more in certain zones such as Post FIRM V Zones going up 9%. (www.nfipservice.com/stakeholder/pdf/bulletin/W-10046.txt)
- Mark Davey, chairman of Fidelity National Insurance Company representing the Write Your Own Coalition testified before a subcommittee of the House Financial Services Committee April 21 to say that converting Flood Insurance to a multi-peril product including wind per HR 1264 would be harmful because it would mean direct Federal competition with the private sector costing 41,775 jobs in the insurance industry and a loss of \$26.9 billion in lost premiums. It also would result in significant amounts of unfunded liability (claims but no money to pay for it). He also took exception to the prevailing idea that there is no wind coverage, pointing to plans in 23 coastal states and DC.

SPECIAL SESSION FOR MAY

Resulting from the US government decision to deny Pennsylvania's request to toll I-80 and a resulting \$450 million hole in the FY 2010-2011 Budget, Governor Rendell has called for a Special Session of the General Assembly possibly as early as May 4 to look at transportation funding.

POLITICS....

- Ending a thirty year career in the House at week's end is Rep. Mario Civera (R-Delaware) who was elected to Delaware County Council in November. Originally he had wanted to stay in Harrisburg until after the May primary. Civera had held the position of Minority Appropriations Chairman until relinquishing that post after his election.
- PoliticsPA.com reports that the congressional seat held by the late John Murtha is exceedingly close. A Public Policy Poll showed Republican Tim Burns ahead of Democrat Mark Critz 44 to 41 percent while Republican pollster John McLaughlin said that the Democrat was ahead by one percentage point 40-39. Both polls are within a margin or error and the race attracts national attention because it is seen as a referendum on the Obama health care program strongly supported by Murtha in this conservative Democratic district.
- Liberal groups Healthcare for America Now, Democracy Rising, SIEU (union) and Rock the Capitol.org held a rally in Harrisburg calling on Attorney General Corbett to resign because of his joining a multi-state lawsuit against the unfunded mandates of the new health reform law.

DEPARTMENT ISSUES EXPORT LIST FOR SURPLUS LINES

On April 24 the PA Bulletin (www.pabulletin.com) published a list of types of coverage where surplus lines licensees do not have to meet the declination requirements ("diligent search") before seeking coverage in the Surplus & Excess Lines market. Examples are taxicab liability, animal rides, hunting clubs, hazardous waste haulers (physical damage only), etc.

TWO BANKING DEPARTMENT REGULATIONS TO BE REVIEWED

The Independent Regulatory Review Commission (IRRC) will meet May 13 in Harrisburg to consider two Banking Department regulations: Regulation 3-46 on General Provisions Hearings & Conferences and Regulation 3-47 regarding the Banking Department's Mortgage Licensee (mortgage loan brokers, loan originators) required Continuing Education.

OTHER REGULATORY UPDATES

- A list of Qualified Unlicensed Reinsurers is found in the March 20 [PA Bulletin](#).
- Patient Safety Authority (medical malpractice) will meet April 27 in Harrisburg.
- The Westchester Fire Insurance Company, a stock fire insurance company seeks to merge with ACE.

MEDICAL MALPRACTICE DATA RELEASED

According to the Administrative Office of the Courts, medical malpractice filings continued to decline since the passage of legislation in 2002. Plaintiffs filed 1,533 medical malpractice lawsuits in 2009, a 4.5% decrease from 2008 and a 43.9% drop from 2000-2002 averages. The decline was not uniform however with the following counties showing increases in filing from 2002 to 2009: Bedford, Berks, Bucks, Butler, Columbia/Montour, Jefferson, Lancaster, Lawrence, Luzerne, Mercer, Montgomery, Washington and Wayne. Note that in some rural cases the percentage change is not significant since it is based on a small 2002 number. The county with the biggest increase and number was Montgomery with a 370% increase while the biggest decreases in numbers versus percentages were seen in Allegheny (-33.6%), Philadelphia (-59.2%), and Lackawanna (-49.2%)

ARE YOU CONFUSED ABOUT THE NEW FEDERAL HEALTH REFORM LAW? Vince Phillips has made dozens of presentations to business and insurance groups on the new law and its implementation timetable as it relates to Pennsylvania. If interested in such a program please contact Vince Phillips via Joan Troutman at 717/732-7255 jtrout2792@aol.com.