

LEG REG REVIEW 2010, 24th Issue August 30

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 (MASCPA). 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.

NAIC ISSUES PRO AGENT RESOLUTION

At its August meeting, the National Association of Insurance Commissioners (NAIC) adopted a resolution recognizing the important role insurance producers serve in providing insurance and consumer service. The August 17 document stressed the value insurance agents in providing ‘clarity and guidance’ in helping individuals and businesses understand the Patient Protection Affordable Care Act. The Resolution called on ‘Federal policymakers to acknowledge the critical role of producers and to establish standards for Exchanges so that insurance professionals will continue to be fairly compensated for the services they provide’. It also emphasized that the Navigators are required to perform public education but are ‘not authorized to conduct activities appropriate for licensed producers’. The link to the actual text appears below.

http://www.naic.org/documents/index_health_reform_resolution_protect_insurance_professionals.pdf

NAIC ISSUES MEDICAL LOSS RATIO DOCUMENT

Also on August 17, the NAIC’s Seattle meeting resulted in approval of the Medical Loss Ratio (MLR) proposal to HHS which delineates what is defined as being included in the claims versus administrative costs requirements of the new federal law. The statute says that large groups must have an MLR of 85% while smaller groups must have 80%. The document is actually a form insurance commissioners will require so that insurers can calculate their MLR instead of a narrative that walks a person through what’s included and what is not. Agent compensation and marketing appear to be counted as part of the 15/20%. An area of uncertainty remains however. Will HHS accept the NAIC document or reserve the right to override the insurance commissioners for a more vigorous rendering of what is or is not administrative overhead? The actual text is available using the link below.

http://www.naic.org/documents/index_health_reform_mlr_blanks_proposal.pdf

OVERVIEW RELEASED OF FINANCIAL REGULATION LAW OFFICE SCOPE

The American Financial Services Association (AFSA) published a white paper Aug. 19th on the Dodd-Frank Wall Street Reform and Consumer Protection Act. The paper focuses on the Bureau of Consumer Financial Protection (BCFP) and provides an overview of its divisions, scope of regulation, duties, authority, timeline and effective dates; as well as relevant definitions. Among the provisions covered are the “Durbin Amendment,” which requires establishing standards for interchange fees, the Mortgage Reform and Anti-Predatory Lending Act, regulation of credit risk retention, and the instances in which the BCFP’s jurisdiction applies to auto dealers.

For more information, please contact AFSA Senior Vice President Danielle Fagre Arlowe at dfagre@afsamail.org or AFSA Executive Vice President Bill Himpler at bhimpler@afsamail.org.

AUTO ECONOMIC DAMAGES SUBJECT OF SEPTEMBER HEARING

The Senate Banking & Insurance Committee plans a September 21 hearing on House Bill 2246 (Tallman-R-York/Adams). This bill stakes out new legal ground for trial lawyers by permitting a discussion of economic damages to be included in closing arguments. The bill had been approved by the Senate Transportation Committee and is a lightning rod for the clash between trial lawyers and business and insurance groups.

HHS RELEASED NEW HEALTH INSURANCE PORTAL

On August 24, the US Department of Health & Human Services unveiled its new web tool designed to assist businesses and individuals understand and locate insurance. It walks the participant through questions such as current insurance status, location, and certain characteristics such as pre-existing medical condition, finally leading to insurer links. It does not appear to expressly reference insurance agents as it claims to help people to “begin the process of searching for insurance options”. Details: www.healthcare.gov

IA&B ELECTS NEW OFFICERS AND DIRECTORS

The Independent Agents & Brokers (IA&B) has elected David Rosenkilde of ABCO/ICS Insurance Services, Inc. from Reisterstown, MD as Chairman of the Board and Robert Hall of Francis Hall Insurance in West Chester, PA as Vice-Chairman. Assuming the position of IA&B Chairman of the group’s Pennsylvania component is Timothy Burns, Sausman Insurance Agency in Thompsettown, PA while G. Greg Gunn of Lemoyne’s Gunn- Mowery Insurance is Vice Chairman. IA&B includes P/C independent agency organizations in PA, MD and DE.

CROP INSURANCE UPDATES

At the 2010 August Ag Progress Days, the PA Department of Agriculture and USDA’s Risk Management Agency (RMA) held an educational conference for Crop Insurance agents. Among other things, Secretary Russell Redding thanked agents and particularly the *Crop Insurance Agents Association of PA* for efforts in preserving the Crop Insurance Premium Subsidy Program as a line item in the State Budget. The program is the only one of its kind in the US. and received a supplemental grant for Crop Insurance from RMA at the urging of the PA Farm Bureau. Deputy Secretary Mike Pechart noted that the recent shortfall resulting from Congress allocating \$600 million instead of an anticipated \$850 million to PA for Medicaid meant that discretionary programs were cut 1.9 percent. Other notes from the Ag Progress Days event:

- September 30 is the last day to file crop insurance claims for 2008
- October 26 is the date of the 11th Annual Crop Insurance Conference in Harrisburg

PA RECEIVES HHS GRANT FOR RATE REVIEW

Part of the Patient Protection Affordable Care Act is a grant program from HHS that will help upgrade state insurance departments’ ability to evaluate rate increases by health insurers. On August 16, Pennsylvania was awarded \$1 million.

PHILLIPS ASSOCIATES ANNOUNCES September Health Update CE

As a supplement to three of the SPARKS Clinics in September (www.sparksclub.com) PHILLIPS ASSOCIATES is offering one-credit courses to help P/C agencies better understand the new health law and the compliance responsibilities their business clients might face. These afternoon sessions will take place in these SPARKS locations: Altoona September 15; Bethlehem September 20 and Williamsport September 21. Details: 717/732-7255

SEPTEMBER IS:

- Cholesterol Awareness Month (from United Health Care)
- Life Insurance Awareness Month (from Life and Health Insurance Foundation for Education)