

There has not been a lot of activity at the North Carolina General Assembly this week. Sessions of the House and the Senate have been very brief, and most of the activity has been focused on staff developing background information on budgetary issues for legislators. The State budget will shrink this year, and there has been considerable behind the scenes activity on trying to determine which programs can receive a decrease in funding.

The House Health Insurance Committee did meet this week, and gave a favorable report to **HB 102 – Risk Pool Funding Amendment**. This bill relates to the Health Insurance High Risk Pool and seeks to correct a drafting error in the Risk Pool's enabling legislation so that the \$5 million grant from the Health and Wellness Trust Fund can be officially transferred to the Risk Pool.

Along with a representative of the American Council of Life Insurers, I met with Senator Tony Rand (D-Fayetteville) this week about stranger-originated life insurance (STOLI). Senator Rand is generally conversant with the concept of regulating the sales of life insurance where the policies are “manufactured” for a person or entity with no legitimate need for the policy. He indicated that he saw no impediment to STOLI legislation being introduced, and he did feel that it would be important for the Department of Insurance to be involved in the pursuit of passage of any STOLI legislation that was filed.

The House Insurance Committee has yet to meet during this legislative session. Senate Commerce did meet this week, but considered only a Utilities Commission appointment. Next week's schedule indicates that Senate Commerce will meet again, and will receive a presentation from the Commissioner of Banks.

SB 165 – State Review of Group Insurance Claims was filed earlier this session by Senator Fletcher Hartsell (R-Concord). It would give the Department of Insurance final authority on the payment or denial of group health claims. It appears that Senator Hartsell will not be pursuing this legislation with undue vigor, but I will keep you advised should he make an effort to push it vigorously.

On the issue of the Beach Plan and property insurance for homes and businesses in the beach and coastal areas, please note that Insurance Commissioner Wayne Goodwin addressed the newly increased deductibles and surcharges approved by Commissioner Long last November. Commissioner Goodwin, in a letter to Governor Bev Perdue, indicated that he supported Commissioner Long's decisions to raise deductibles and surcharges, and felt that it was the right thing to do. It is my understanding that Commissioner Goodwin is being contacted steadily by citizens of the beach and coastal area who do not agree with Commissioner Long's decision to implement rate increases on their property coverage. I will keep you advised as to all developments concerning this important issue.

Matters relating to the State budget will continue to take center stage. I will keep you advised as to all developments, and would welcome your questions and comments at any time.

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