

Late this morning the House adjourned for the week, and today passed and sent to the Senate its version of the budget (**HB 2436**). The House vote on second and third readings was 104 in favor and 10 against, and there may be an effort afoot to gain enough support to render the budget "veto proof" should the Governor decide to reject the ultimate budget. The Senate can be expected to put its imprint on the budget, and it will then be up to House and Senate conferees to iron out their differences. The prospect for an adjournment shortly after the 4th of July is not altogether impossible. I will keep you posted as to how things on the budget go.

House Insurance has yet to meet this session. Senate Commerce has met, and is scheduled to meet next Tuesday, but no bills of interest have yet to surface there. With the budget now in the hands of the Senate, all non-budgetary items may well be on the back burner in that chamber for a while.

For those of you with an interest in auto insurance, note that there is quiet but persistent work on making UM and UIM coverage mandatory. Finding the right vehicle (most likely a House bill that is now in the Senate) is one task, and shaking House and Senate leaders free from the budget is another. I will stay in touch as this concept inches forward.

On the tort reform front, note that this week the Senate passed **SB 1766 - Liability Protection for Private Entities**, and it is now off to House J-1. You will recall that this bill grants immunity from liability to those responding to emergencies.

On the health side of things, **HB 235 - Expand Small Business Health Benefits Credit** got out of House Finance this week, and is scheduled for second and third readings on June 9.

AHP's (association health plans) are quietly in the legislative news. Buncombe County is seeking authority to do a pilot study of AHP's (**HB 2229**), as is Randolph County in **HB 2757**. Long time friends and supporters are involved in sponsoring both bills, and it is, therefore, difficult to formulate an opposition strategy. Our friends at the DOI have fired the first shot across the bow, meeting this week with proponents of the Buncombe County legislation. They pointed out problems with AHP's and will offer suggestions to make the concept less harmful to the overall market. Unfortunately, in so doing, they will make the bill less palatable to the bill sponsors. Quiet, behind-the-scenes discussion continues, and I will stay in touch as we walk a delicate tightrope.

Stranger-Originated Life Insurance (STOLI) remains a work in progress, with efforts directed to incorporating ideas of the NCAIC and NCOIL (National Conference of Insurance Legislators) into a committee substitute for consideration by Senate Commerce. The DOI and the American Council of Life Insurers are taking the lead on this, and they are looking to us for visible support, which they are receiving.

The DOI will also be pushing **PEO reform** by seeking to require that PEO's purchase fully insured health insurance products rather than going the self-funded route. I will stay in touch as this concept begins to see the light of day.

The budget was all consuming in the House this week, and will capture the Senate's attention next week. I will keep you advised as the session continues, and please contact me at any time with questions and observations that you might have.

Robert C. Paschal

Attorney

Young Moore and Henderson, PA

PO Box 31627

Raleigh, NC 27622

919-782-6860

Fax: 919-782-6753

Direct Dial: 919-861-5107