

Budget deliberations are now front and center at the North Carolina General Assembly. Late last week the House passed its version of the budget, and it includes tax increases that the Senate version did not include. Conferees of both bodies have been appointed, and have begun the laborious task of seeking to reconcile their budgetary differences.

The June 30 end of the fiscal year is looming large on the horizon, and I will keep you advised as legislative leaders seek to devise a budget that can be supported by a majority of the House and the Senate.

Several bills of interest were ratified last week. **HB 1161 – Revise Insurance Financial Conditions** was passed into law on June 16. This legislation addresses the regulation by the Department of Insurance of insurance company finances.

HB 1164 – Modernize HMO Oversight Requirements was also ratified on June 16. This legislation, sponsored by the DOI, repeals obsolete statutes addressing HMO's.

HB 1165 – Update Standard Fire Insurance Policy was also ratified on June 16. This bill, also sponsored by the DOI, removes certain obsolete terminology from the standard fire insurance policy but otherwise makes no changes to it.

Last week the Senate also passed pending House legislation but in forms that differ from the House versions. **HB 1183 – Health and Other Insurance Law Changes** passed the Senate last week, and will be sent back to the House for concurrence in the Senate amendments. The primary purpose of this legislation is to update North Carolina law to comply with portability requirements of federal law.

HB 1314 –Annual Financial Reporting will also be sent back to the House for its concurrence in Senate amendments. This legislation, a DOI initiative, improves the Commissioner's ability to monitor the financial condition of companies by requiring annual reports which will now contain more detailed information than before.

Last week House Health met and considered **SB 877 – Health Plan Provider Contracts/Transparency**. The Health Committee gave this legislation a favorable report, and has re-referred it to House Insurance. This legislation requires that contracts between health plans and their providers be written in understandable English and that certain threshold contractual provisions be identified transparently.

This week House J-III gave a favorable report to **SB 780 – Structured Settlement Annuities/Insurance Guaranty Association**. This bill is on tonight's House calendar for concurrence in Senate amendments. It would authorize the Insurance Guaranty Association to provide protection for annuities purchased in connection with structured settlements.

SB 468 – Authorize Insurance for Former Employees is on the House calendar for this evening. This legislation, which originated in the Senate, would authorize counties to

provide health insurance benefits to former employees who are not receiving retirement benefits.

On the **STOLI** (“stranger originated life insurance”) front, note that I attended a symposium in New York City late last week that addressed a variety of insurance issues. The first topic on the agenda was STOLI, and representatives of two major carriers stressed the importance of pursuing meaningful STOLI reform. It is my sense that the carrier community remains committed to such reform, and I anticipate that the American Council of Life Insurers (“ACLI”) will continue to be part of our coalition in North Carolina on STOLI issues.

On the P&C side of things, note that **SB 660 – Auto Insurance/Diminution of Value** is scheduled to be considered in House J-III tomorrow.

HB 1305 – Beach Plan Changes continues to be a work in progress. Various drafts of possible legislation are being circulated, and it may well be that this legislation will be calendared for debate in House Insurance fairly soon.

That should cover the bases for now. Please contact me with your questions and comments, and I will keep you advised as this session continues.