

Budget deliberations continued behind the scenes this week in the House and the Senate. To make up for a significant budgetary shortfall, leaders are debating whether and how to raise taxes while also discussing which programs to cut. No easy answers, that's for sure. I will keep you posted as budget deliberations continue, and please keep in mind that once the budget is in place there are realistic prospects for adjournment to be considered.

Several matters of interest were addressed this week. **HB 535 - Health Insurance Coverage/Lymphodema** received a favorable report this week from Senate Health. It has been re-referred to the Senate Appropriations/Base Budget Committee. This bill is a mandate which would require health insurers to cover the care and treatment of lymphodema.

**SB 648 - Authorize Insurance for Former Employees** passed the House this week. This legislation would authorize counties to provide health insurance benefits to former employees who are not receiving retirement benefits. Note that the House version of this bill differed from the Senate version, and therefore, after the House passed it, this legislation was sent back to the Senate for concurrence in the changes that the House made. However, the bill has been sent to the Rules Committee, and I am not yet certain as to whether it will slumber there quietly for the rest of the session or will be returned to the floor for a vote on concurrence.

**HB 1294 - NC Risk Pool Premium/Notice Requirements** was considered in House Insurance this week. This legislation involves several minor modifications to the Risk Pool's enabling legislation. It would permit the Pool to implement premium subsidies if a federal grant were received for this purpose. It would require insurers to notify their applicants about the existence of the Pool, and it would extend the abbreviated pre-existing condition waiting period for the balance of the Pool's first year of existence. The Senate modestly modified this legislation, and it was sent back to the House for concurrence in the Senate amendments. The Speaker, rather than having a direct vote on concurrence, has referred the bill to House Insurance and thereafter, to House J-III. This week, under the expert handling of Rep. Jerry Dockham, it received a favorable vote on concurrence in House Insurance, and I will keep you advised as it continues to be addressed in the House.

Next week two matters of potential interest have been calendared for consideration in committee. The first is **HB 1166 - Insurance Law Changes**. It is scheduled to be considered in the House J-III Committee on Tuesday, June 30. It has previously received favorable treatment in House Insurance. Licensing requirements for variable life and variable annuity products now refer to agents meeting the requirements of the National Association of Security Dealers. This bill would change this reference to meeting the requirements of the Financial Industry Regulatory Authority ("FINRA"). This legislation also addresses criminal history record checks for applicants for licenses and provides for carriers issuing notices of appointments of agents within 15 days after the date that the first insurance application is submitted.

Senate Commerce is scheduled to consider **HB 1485 - Insurance/Health Care Provider Relationship** on Tuesday, June 30. This committee has a lengthy agenda for Tuesday, but

this is the only matter of interest on it. This legislation would address the contractual relationships between insurance companies and health care providers, and would require certain fundamental and explanatory provisions to be in all such contracts.

On the property and casualty side of things, note that House Insurance met this week and devoted most of its time to **HB 1305 - Beach Plan Changes**. The primary focus of this legislation is to place a cap on the amount of assessments that carriers will have to pay when a catastrophic storm strikes North Carolina. The current version of this legislation places that cap on assessments at \$1 billion, and this limitation on assessments would come into play after the exhaustion of reinsurance. The legislation proposes that property insurance policyholders, both residential and commercial, across the state pay a surcharge of no more than 10% of their premium to cover catastrophic losses once the insurance carriers have reached their maximum level of exposure. No vote was taken on this legislation this week, and it will again be considered in House Insurance next week.

That should cover the bases for now. I will continue to stay in touch as the session progresses, and please favor me with your questions, comments and learned observations at any time.