

The budget continues to be the main topic of discussion at the General Assembly. The House and Senate have generally agreed on cuts to existing programs. However, cuts alone will not balance the budget - as our constitution requires. The primary differences that have arisen relate to where and how to increase taxes, and there seems to be a good bit of intransigence on this point.

Senate budget conferees have expressed a desire to increase the premium tax on life insurance from 1.9% to 2.25%. Meanwhile, they would lower the corporate income tax. This is inequitable, and we are joining the fight in an effort to either have no premium tax increase at all or achieve a lower increase.

Additionally, Senate budget writers are looking at repealing the premium tax offset that was provided in 1991 for contributions that insurers make to the Life and Health Insurance Guaranty Fund. We believe we are making some progress in not having this offset repealed, and we will stay in touch on both of these important issues.

This week saw the ratification of **SE 877 – Health Plans Provider Contracts/Transparency**. This legislation was sponsored by Sen. Dan Clodfelter (D-Charlotte), and would seek to bring equality of bargaining power to the establishment of fee arrangements negotiated between health plans and their providers.

Next week there should be action taken on a number of bills of interest to us. On Monday evening, July 20, **HB 1159 – Insurance Licensing Changes** will come on for third reading in the Senate. This is a brief bill, and its primary point is to provide for an increase in electronic filings that licensees make with the DOI.

HB 1183 – Health and Other Insurance Law Changes is on Monday evening's House calendar for concurrence in Senate amendments. This legislation updates North Carolina Statutes on creditable coverage to conform these statutes with recent changes in federal law.

On Tuesday in the House J-III Committee **HB 1166 – Insurance Law Changes** will again come up for consideration. Over the past week or two there have been considerable discussions about how life insurance information might be provided to funeral homes upon an insured's death. A subcommittee was appointed to examine this issue, and the follow proposal will be considered in J-III on Tuesday: a funeral home providing services for a deceased person insured or believed to be insured under a contract of life insurance could request information regarding the deceased person's life insurance contracts by providing an insurer with (1) a copy of a notification of death and (2) written authorization from the person with legal authority to direct disposition of the deceased's body. The life insurer would inform this person of the existence of any contract of life insurance, any beneficiaries, the amount of any liens or loans and the amount of benefits. The insurer would also provide a claim form to any person or assignee making the request if the personal assignee is entitled to benefits under the insurance contract. In an interesting twist to this legislation, it would provide that if the beneficiary is not the estate of the deceased, then any person authorized to request information shall make reasonable efforts

to locate the beneficiaries within 100 hours of receiving the information from the insurer. The person obtaining the information would inform the beneficiaries that the beneficiary of a life insurance policy has no legal duty or obligation to spend any of the proceeds on funeral expenses. As you might expect, this provision was requested by the funeral homes, and I will keep you advised as this topic is debated in committee next week.

In Senate Commerce next week **HB 1485 - Insurance/Health Care Provider Relationship** is again scheduled to be considered. It has been pulled from the calendar of Senate Commerce in recent weeks. This legislation would address how health insurers seek to recover overpayments made to providers.

On the P&C side of the House, note that there was significant movement this week on **HB 1305 - Beach Plan Changes**. This legislation passed the House and will now be sent to the Senate. The basic concept behind **HB 1305** is that after insurers pay \$1 billion in assessments to cover hurricane losses, surcharges of no more than 10% of premium on all residential and commercial property insurance throughout the state may be imposed to assist in the payment of claims. This bill has not yet been assigned to a committee in the Senate, and I will keep you advised as **HB 1305** continues to be considered.

That should cover all the bases for the moment. I will continue to stay in touch, and would welcome your questions at any time.