

Last week the General Assembly adopted a budget, and the Legislature is now heading towards adjournment. The House is having a session by itself today to examine bills sent to it by the Senate. The Senate will meet in “skeleton” session tomorrow to make sure that any bills needing last minute attention receive it.

On the budget side of things, income and sales taxes will go up to help fund the budgetary shortfall that State government is experiencing. Please note that the budget does not contain increases in the premium tax for life insurers, and it likewise does not contain a repeal of the premium tax offset provided in connection with contributions that life and health insurers make to their guaranty fund.

Next session we should expect the Senate to examine an overhaul of our tax system whereby larger taxes might be lowered, and there might be a number of new taxes that would supplant the revenue lost by certain tax decreases. We could well expect the life insurance premium tax to arise again, but for this session we have emerged in good shape on that issue.

A number of bills of interest were ratified late last week. **SB 468 – Authorize Insurance for Former Employees** was ratified, and it authorizes counties to provide health insurance benefits to former employees who are not receiving retirement benefits. Late in the legislative process a requirement was added that the former employees must have had at least ten years of service prior to separation from the county. Also added was a provision that these employees are not to be added to the State Health Plan. However, the county may provide insurance to them by other means. The premium for this coverage is to be paid by the county or by the former employee, or some combination of the two.

**HB 212 – Health Insurance Pool Pilot Program** also sprang to life very recently. This legislation had been languishing in the Senate due to the fact that the bill as drafted provided a statewide mechanism for the pilot project. The DOI, the carriers and the agent community all indicated that such a proposal would be detrimental to the marketplace. Therefore, the bill was revised to permit only one project rather than multiple projects, and this prompted both the Department of Insurance and Blue Cross to indicate that their official position with respect to the bill was either one of neutrality or one of no opposition. The narrowing of the scope of the legislation enabled it to get out of Senate Commerce and pass the Senate. The House voted by a vote of 103-9 to concur in limiting the Pilot Project to but one project, and the bill will be sent to the Governor for signing.

**HB 589 – Insurance/State Health Plan Cover Hearing Aids/Autism** would require health benefit plans and the State Health Plan to cover hearing aids and replacement hearing aids and would require the State Health Plan to provide coverage for autism treatment disorders. This bill is in limbo at the present time with the Senate having adopted a conference report that was created to iron out differences in the bill that arose as the House and Senate conferred about it. At this time it appears that the bill is awaiting final action by the House, and I will let you know if the House adopts the conference report prior to adjournment.

**HB 1166 – Insurance Law Changes** is also moving towards passage. You will recall that this is the legislation that addresses the relationship between funeral homes and life insurers, and provides a mechanism for funeral homes to receive information about the proceeds payable by burial policies. This bill passed the Senate late last week and is on the House calendar this evening for a vote of concurrence in the Senate amendments. I expect this legislation to be adopted.

**HB 1297 – Provider Credentialing** was also ratified late last week. It provides a mechanism for streamlining the process by which providers receive credentials to join the networks of health benefit plans. This legislation also provides a means by which providers and insurers may negotiate contractual terms of their relationship.

On the P&C front note that **HB 1305 – Beach Plan Changes** was also adopted late last week. This legislation places a \$1 billion cap on the assessments that can be made against the Beach Plan’s member companies in order to pay for losses brought on by catastrophic storms. The maximum value of homes permitted to be written by the Beach Plan has been cut in half, and drops from \$1.5 million to \$750,000. Should storm losses exceed coverage available with the \$1 billion in assessment, note that losses above this level would be paid for with a “catastrophe recovery charge” on residential and commercial property policyholders of not more than 10% of the annual policy premium per year. “Contents coverage” on residences drops from 70% of building value to 40%. Surcharges on wind coverage in the amount of 5% are permitted, while surcharges over and above the voluntary homeowners rate of 15% are permitted. A 1% “named storm” deductible is also provided for. This legislation has passed both houses on August 6, and has been sent to the Governor for signing.

It appears as if the General Assembly will adjourn this week, but I did want to bring you up to date on the fast and furious activity that occurred late last week. The House and Senate met for the first time this session on last Friday, and there has been a major push to head towards adjournment.

I will continue to keep you advised as the session draws to a conclusion, and please contact me at any time with any questions that you might have.