



Session Dispatch

(Weekly Insurance News from the Florida Legislature)

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LEGISLATIVE DAY ON THE HILL A HUGE SUCCESS!

This week over 130 FAIFA members traveled to Tallahassee for FAIFA's Legislative Day On The Hill to meet with legislators and to advance our important agenda.

Senate President Tom Lee, who is running for Chief Financial Officer, spoke at Monday's luncheon and met with FAIFA members. Lisa Miller, past FAIFA employee, current Chief of Staff for the Florida Department of Financial Services, also addressed our group. FAIFA members met with legislators and regulators, and ended the Day on the Hill with a very well attended reception on the 22nd floor observation gallery of our State Capitol building. FAIFA continues its trend of being the most well-attended day on the hill event for agents, and left a strong impression of our strength.

FAIFA FIGHTS PRE-LICENSING EDUCATION REDUCTION LEGISLATION

Legislation reducing the number of pre-licensing hours needed to become a life insurance agent is dominating our agenda this session. SB 2526 proposes to reduce the pre-licensing educational requirement from 40 hours down to 20 hours for a life insurance agent license. This reduction is being sought by Citigroup and other insurers in an attempt to enhance their "speed to market" with new agents. Stymied nationally in attempting to get support for a "term life only" agents license, this new tact is even more corrosive to the goal of assuring only well-trained individuals solicit consumers relative to the most important decision of their life – the purchase of financial security for themselves and their families.

Members and I have now met with a substantial number of legislators, and support to oppose the reduction in pre-licensing education is growing. Other agents trade associations have Joined FAIFA in opposing this legislation, and we are committed to stopping this proposal. I am currently engaged in extensive negotiations with lobbyists for the opposition to determine if we can develop alternative ways to assist in making the initial licensure process less burdensome without reducing the educational hourly requirement. I will report on this issue weekly, and remain vigilant in standing up for our industry.

LONG TERM CARE PARTNERSHIP BILLS MOVING FORWARD

HB 947 by Legg, and SB 1924, by Peaden set forth direction to the Office of Insurance Regulation (OIR) and the

Agency for Health Care Administration (AHCA) in Florida to implement the Federal Long Term Care Partnership proposals enacted by Congress last year. HB 947 passed its second committee of reference, the House Insurance Committee, and SB 1924 was adopted by the Senate Health Care Committee. As one of our top priorities, this legislation will be a primary focus for me this session. After the session adjourns, assuming passage, we will work with regulators in the two agencies to make this a reality. This legislation will provide added incentive to millions of Floridians to plan for a decline in health in their later years. The legislation will help them from having to dissipate all of their assets prior to entering a nursing home.

HOMEOWNERS INSURANCE REFORMS BEGIN TO MOVE

Legislation aimed at reducing assessments in Citizens Property Insurance Company (“Citizens”), and attracting new capital and insurers to the voluntary homeowners market, was adopted by the House Insurance Committee this week. Representative Don Brown and Dennis Ross, Chairman of the Committee, spearheaded this legislation, PCB IN-01.

Proposals include rate modernization through allowing insurers to raise or lower rates by 5% statewide, or 10% in any rating territory, without OIR approval. The bill eliminates homes valued at over \$1 million from being eligible for insurance in Citizens (which will reduce Citizens exposure by \$17 billion) and requires substantially higher rates for non-homestead homes receiving coverage in Citizens. Mobile homes, apartments and condominiums that are a primary residence will be considered homestead properties for purposes of coverage in Citizens. The proposal to force insurers covering only the ex-wind portion of a Citizens policy to handle all claims administration for both wind and all other peril claims was removed from the bill, with language requiring further study being inserted. A proposal by FAIA to eliminate liability of agents whose policyholders are subject to a “takeout” from Citizens, when a policyholder sues due to decreased coverages, was adopted by the Committee. The bill makes numerous other changes, and I will report on other facets of the bill as it moves through the process.

Related legislation, PCB IN-02, creates a \$100 million endowment, the proceeds from which will fund low or no interest loans to homeowners to install wind mitigation devices such as mobile home tie downs or shutters, was enacted by the Committee, as well.

CYSTIC FIBROSIS MANDATE FILED AND TO BE CONSIDERED

SB 376, mandating certain coverage for Cystic Fibrosis treatment not currently covered by insurers, has been filed, and will likely be heard in the Senate Banking and Insurance Committee within the next few weeks, if not next week. Again, mandates on the voluntary health insurance market, which are not required of the ERISA market (which comprises about half the health insurance provided in Florida) continue to make health insurance costs increase, and provide added incentive to move to the unregulated ERISA Market. FAIFA and the health insurance industry will oppose this mandate.

HEALTHY KIDS PROGRAM EXPANSION

HB 241 by Representative Vana expands the Healthy Kids and Medikids programs eligibility requirements. The new provisions would allow a family with a child who is not eligible for the Medikids or Healthy Kids programs because the family income is above 200 percent of the Federal Poverty Level or because the child is not eligible for premium assistance, to participate in these programs if the family pays the full premium without any premium assistance. This legislation was adopted by the House Health Care Appropriations Committee on Friday, and appears to have an opportunity for passage this year.

FLORIDA TRUST CODE RE-DRAFT LEGISLATION MOVING; ALLOWS TRUSTEES TO INVEST IN FINANCIAL PRODUCTS AFFILIATED WITH TRUSTEE INSTITUTION

HB 425 by Representatives Mahon and Stargel, and SB 1170 by Senator Aronburg, creates the Florida Trust Code. This substantial legislation repeals the existing Chapter 737, Florida Statutes and creates a new Chapter 736, implementing a comprehensive new trust code loosely modeled on the Uniform Trust Code of 2000. The lengthy bill includes requirements for trust creation, the treatment of revocable trusts, and the rights of creditors within this new Trust Code. Significant changes to current law include lowering the standard for collecting child support and alimony notwithstanding spendthrift provisions of a trust; forcing persons receiving trust distributions to submit to personal jurisdiction of Florida courts on matters related to the trust; creating a presumption that a trust is revocable unless the terms specifically provide that the trust is irrevocable; making trustees breaching trust agreements liable for the greater of the profit made by reason of the breach or the amount required to restore the trust to the position it would have been in had the breach not occurred; allowing trust modifications previously requiring court approval to be implemented upon agreement of the parties to the trust without court approval, and allowing a bank or trust company trustee to invest in investment instruments offered by that bank or trust company and receiving additional compensation for that investment.

This last provision appears to create a conflict of interest at the trustee level, and FAIFA will register its opposition to such a move. The legislation has been favorably heard and adopted by several committees, and appears to be on a fast track.

EXEMPTION FROM AGENTS LICENSE PROPOSED

Senator Constantine has proposed a complete insurance agent licensure exemption for any licensed seller of travel (travel agencies) that offers insurance covering the cost of transportation provided by an air ambulance service. SB 2432 has been referred to several committees, and in its current form, is not clear if the exemption is aimed at the entire insurance code, or just air ambulance insurance offered by prepaid limited health service organizations. I will seek to clarify the intent of this legislation if it moves through the process.

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