



FAIFA Session Dispatch (4/13/07)

2007 LEGISLATIVE SESSION

by Timothy J. Meenan, FAIFA Lobbyist

LEGISLATIVE ACTION – WEEK #6

This week began the final stretch of this year's Regular Session of the Legislature. Public hearings were held on each chamber's budget proposal—the budget will increasingly be the focus through the end of the Session. The Senate and the House of Representatives passed differing versions of the budget this week, which means that they will next begin a process of negotiation (that they engage in every year) referred to as "conference" in which they work together to build their separate budget proposals into the final state budget for the 2007-2008 fiscal year. We also anticipate seeing the Florida House of Representatives Personal Injury Protection (PIP) package this week, and will be involved in that issue. Following are issues on which FAIFA is actively working on behalf of members:

HOUSE BILL 1473 – ANTI-COMPETITIVE FREE INSURANCE BILL PASSED BY HOUSE COUNCIL

House Bill 1473 passed out of the Jobs and Entrepreneurship Council to change current law that prohibits advertising, offering, or providing free insurance to induce the purchase or sale of real or personal property. Florida law provides seven exceptions to this prohibition. The bill creates an eighth exception: insurance covering communications equipment.

Communications equipment is defined as "handsets, pagers, or personal digital assistants used to originate or receive communications signals or service." If this bill passes, a limited license will not be required to sell wireless phone insurance. Instead, it provides that if a person or seller paying for the insurance has an ongoing contractual interest or other economic interest in the communications equipment, or a person or seller paying for the insurance requires the communications equipment for the delivery of its services, the person or seller may provide free insurance covering such equipment.

Current law requires that persons selling or offering communications equipment insurance obtain a limited license. The law also provides consumers protection under the Florida Unfair Methods of Competition and Unfair or Deceptive Acts or Practices Law. Further, consumers must be asked whether they will purchase the insurance, and may decline. The bill would have the effect of eliminating these consumer protections which licensure provides, and eliminates consumer choice over whether to pay the additional costs that will be "built" into the charges for the cell phone or related communications equipment.

Since nearly half of all consumers offered an opportunity to purchase insurance on their communications equipment decline it, free insurance on such products will contribute to overall inflation of the cost of such equipment with no additional functionality while, also, forcing the coverage on consumers who do not want it.

FAIFA has long opposed the provision of "Free" insurance, because it is never really free, and it removes the advice and guidance of a qualified agent from the insurance purchase transaction. Although this bill does not directly affect a line of insurance that might be construed important to our members, it represents the chipping away of this important protection; today cell phone insurance, tomorrow life insurance!

The comparable Senate bill, SB 1754, is on the Senate Banking and Insurance Committee agenda for April 16. FAIFA is strongly opposed to this new exception to prohibited free insurance.

MILITARY SERVICE LIFE INSURANCE SOLICITATION

The Office of Insurance Regulation (OIR) wants to amend Florida's Unfair Methods of Competition and Unfair or Deceptive Acts or Practices Law in the Senate Banking and Insurance Committee to give themselves rule making authority relating to solicitation of military personnel for life insurance. The amendment gives OIR authority to protect active duty service members of the United States Armed Forces from dishonest and predatory insurance sales practices by insurance companies and insurance agents.

If adopted, the law would authorize OIR to regulate the sale of life insurance to military personnel based on model laws adopted by the National Association of Insurance Commissioners (NAIC). The amendment does not indicate which bill it would be added to or when it would take effect, but I believe it would take effect immediately upon enactment, if the bill that it is added to passes.

Additionally, the agency has published a proposed rule for implementation of the amendment I just described. The rule restricts the sale of life insurance to military personnel, and makes certain solicitation or the sale of life insurance and annuities to service members of the United States Armed Forces false, misleading, deceptive, or unfair under Law. Among others, the rule prohibits: (1) door-to-door solicitation without an appointment which is scheduled prior to each meeting with the prospective purchaser; (2) group solicitations where participation is not voluntary; (3) soliciting in barracks, other specified areas, or where the installation commander has prohibited; and (4) failing to present DD for 2885, "Personal Commercial Solicitation Evaluation," to persons solicited or encouraging persons solicited to not complete or submit the form. The proposed rule could take effect as soon as May 1, 2007.

We are asking the Florida Office of Insurance Regulation to not adopt the rule until the NAIC finally adopts it, as NAIFA is working to make needed changes to the current NAIC draft rule.

HOUSE BILL 1401 – HEALTH FLEX PLAN FOR SMALL BUSINESS

Committee Substitute for Committee Substitute for House Bill 1401 is poised for final passage by the House of Representatives. It implements idea #88 from the list of 100 Innovative Ideas for Florida's Future developed by House leaders which encourages healthcare providers to expand preventive services and walk-in care for uninsured Floridians.

The bill amends provisions of the Health Flex Plan Program (administered by the Agency for Health Care Administration) to offer basic affordable health care and preventive services to low-income, uninsured state residents. It expands eligibility from 200 to 250 percent of the federal poverty level, which is \$20,650 for a family of four. The bill provides health flex plans with access to the employee group market, and provides for deeming certain licensed health care entities, local governments, and health care districts in compliance with the financial requirements to offer health flex plans, thereby expediting the Office of Insurance Regulation application process for those entities. The bill creates a small business health insurance grant program to be administered by the Agency for Workforce Innovation; \$250,000 of nonrecurring funding is appropriated for the grant program.

If enacted, the bill will take effect July 1, 2007. It is on the Calendar for final debate in the House of Representatives. A comparable Senate bill, CS for SB 2094, passed out of Senate Banking and Insurance on April 9, and is now in the Senate Health Policy Committee; it has not been scheduled for hearing.

SENATE BILL 266 – REGULATION OF MEDICARE SUPPLEMENTAL POLICIES

The Committee Substitute for Committee Substitute for Senate Bill 266 was placed on the Senate Calendar on April 13 for Floor debate. You will recall that this bill excludes from the definition of "Medicare supplemental policy," in Medigap policies, those Medicare supplement policies offered by employers, employer groups, or trustees on behalf of employers or labor organizations that have at least 50 employees in Florida.

The Senate Health Policy Committee revised the bill to add the following language: if, upon termination of eligibility, group members age 65 or older are offered continuation of coverage under the group plan or a conversion policy that has the same benefits as a Medicare supplement policy.

The OIR opposed the bill on grounds that it changes the law to allow for policies to be issued on an attained basis; current law requires such policies be issued on an age basis. The House companion bill, CS for HB 97, is on the House Special Order Calendar.

SENATE BILL 1742 – COMMITTEE ACTION DELAYED REGARDING SURPLUS LINES AGENT REQUIREMENT TO PROVIDE CITIZENS' QUOTE

Senate Bill 1742 was heard by the Senate Banking and Insurance Committee on April 9, 2007. It is scheduled for another hearing before the Committee this week. The Committee postponed action on the bill after compelling testimony that in its present form the bill is unworkable.

This is the bill that creates a new law requiring a surplus lines agent that sells surplus lines homeowners insurance to provide a premium rate quote from Citizens Property Insurance Corporation to all customers who are eligible for coverage through Citizens (CPIC) before selling a surplus lines policy. It is unworkable, according to the surplus lines agents industry association, because surplus lines agents do not have appointments with Citizens.

Industry representatives committed to meet with the bill's sponsor, Senator Fasano, and see if they can help the Senator accomplish the bill's intended objective. The bill is effective upon becoming a law. No House companion bill has been filed. This is yet another attempt by the Governor of Florida to make Citizens more competitive with the private market, and is yet another troubling bill which will continue to assure that traditional market forces won't return any time soon to the Florida homeowners market.

SENATE BILL 1100 – FOLLOW UP ON BILL WHICH INCREASES FEES FOR INVESTMENT ADVISERS, DEALERS, AND ASSOCIATED PERSONS

Committee Substitute for Senate Bill 1100, by the Committee on General Government Appropriations and Senator Alexander, is supported by the DFS and would increase fees for securities dealers.

Under the bill, the fee for dealers and investment advisers would increase from \$200 to \$250. The fee for associated persons is \$40 under current law, but was set to be reduced to \$30. The bill would effectively increase the fee for associated persons from \$30 to \$70. The House amended the bill during Floor debate on April 12 to strip all language, and sent it back to the Senate with a request to negotiate the provisions of the bill in conference with the Senate. No House companion bill has been filed.

FAIFA is pushing to mitigate these fee increases on our security licensee members.

SENATE BILL 1740 – FLORIDA KIDCARE PROGRAM

The Senate Health Policy Committee has passed Senate Bill 1740 as a committee substitute on March 27, and has been in the Senate Banking and Insurance Committee since April 4.

The bill is designed to expand eligibility so more children may receive services through the MediKids and Florida Healthy Kids programs. A similar Senate Bill, CS/CS for SB 930, that restructures the Florida Kidcare program, is scheduled for hearing by the Senate Health and Human Services Appropriations Committee on April 17. A comparable House bill, HB 1173, has not received a committee hearing this Session.

SENATE BILL 2498 – CITIZENS PROPERTY INSURANCE CORPORATION

Committee Substitute for Senate Bill 2498 passed out of the Senate Banking and Insurance Committee on April 9, 2007, following a personal appearance by Gov. Crist before the Committee in support of the bill. It authorizes the Citizens to offer multiperil coverage, wind-only coverage, or both types of coverage in the high-risk account. The bill is now in General Government Appropriations. The identical House companion bill, Committee Substitute for HB 1267, passed out of the House Jobs and Entrepreneurship Council on April 12, and is headed to the House Policy and Budget Council for a hearing. A comparable bill, HB 1307, has not received a committee hearing.

MANDATES UPDATE

FAIFA continues to oppose additional health mandates which force increases in the cost of care to

Floridians. Following is an update on the movement of several mandates we oppose:

- Senate Bill 110 – Health Insurance/Prostate Cancer Coverage passed out of Senate Health Policy on April 10, 2007. It requires that individual group and out-of-state group health insurance policies as well as all HMO contracts that cover a 40 year old man also provide coverage for prostate cancer screening. Blue Cross and Blue Shield of Florida is on record as saying the tests for prostate screening cost between \$30 and \$40 and the professional interpretation, on average, costs \$288. The Office of Insurance Regulation says that if the bill becomes law increased claims costs would be passed through to all policyholders, but has not determine what those costs would be. House Bill 345, the companion to SB 110, was on the Jobs and Entrepreneurship Council April 12, but was not considered.
- Senate Bill 366 – Infant Eye Care passed out of the Senate Banking and Insurance Committee as a committee substitute on April 9. It requires that all babies born in a hospital in Florida be examined for pediatric congenital and ocular abnormalities and requires that coverage for children under health insurance policies & HMO contracts include certain eye exams for infants and children. The House companion bill, House Bill 833, has been in the House Healthcare Council since March 28, but has not been agendaed for a hearing.
- Committee Substitute for SB 2022 – Immunization Services is on the April 17, 2007, agenda for the Senate Judiciary Committee; it was on the Committee’s agency on April 10, but was not considered. The bill includes immunization services in a schedule of minimum benefits for HMOs participating in the state group insurance program. A comparable House bill, HB 543, was passed by the House Healthcare Council on April 4, 2007.
- Committee Substitute for House Bill 1001 – HMO Contract/Subscriber’s Rights was passed by the House Healthcare Council on April 4, 2007, and is now on the House Calendar awaiting Floor debate. The Senate companion bill, SB 590, was passed by the Senate on March 29, 2007, and is now in House Messages awaiting consideration by the House of Representatives.

FLORIDA ASSOCIATION OF INSURANCE AND FINANCIAL ADVISORS --- 1836 Hermitage Boulevard, Suite 200,
Tallahassee, Florida, 32308. E-mail: ashley@faifa.org. Phone (850) 422-1701. FAX (850) 422-2762. FAIFA Session
Dispatch -- Tom Ashley, Editor. [FAIFA Website](#)