



# Session Dispatch

*(Weekly Insurance News from the Florida Legislature)*

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## 2006 LEGISLATIVE SESSION OFF AND RUNNING!

The Florida Legislature convened on Tuesday for what will be an action-packed two month legislative session. The regular legislative session will end the first week of May. Major issues dominating this year's session include, once again, property insurance reform, the personal injury protection insurance sunset, and a myriad of bills aimed at amending our health care and insurance delivery system. This report will begin to outline issues we are working on, but will not cover the full scope of legislation impacting agents. Following are some highlights from this first week of session.

## PRE-LICENSING EDUCATION REQUIREMENT UNDER ATTACK!

Legislation has been filed (SB 2526) to reduce the number of pre-licensing education hours from 40 down to 20 for the life insurance agent designation. FAIFA strongly opposes this requirement in its current form. Although the NAIC and NAIFA believe that only 20 hours is required to adequately train a new life insurance agent, FAIFA believes that Florida deserves well-trained agents providing insurance and financial advice to its citizens. We intend to strongly fight this attempt to weaken our educational requirement. The bill does contain a positive enhancement requiring testing centers to make electronic fingerprinting available on site at the initial agent test. The House bill, HB 1113, only contains the fingerprinting language, and not the pre-licensing reduction of hours. Please contact your local legislator and oppose this reduction in hours!

## HOUSE COMMITTEE ENACTS LTC PARTNERSHIP BILL

House Bill 947 by Representative Legg, and Senate Bill 1924 by Senator Fasano, contain important language implementing Federal Legislation adopted in 2005 that allows states to adopt and implement the Long Term Care Partnership Program. The House Elder and Long Term Care Committee unanimously adopted HB 947 this week, and FAIFA testified in support of this important legislation. This program allows purchasers of qualified long term care insurance policies to protect some or all of their assets from Medicaid's "spend down" requirements when qualifying for Medicaid coverage for payment of long term care expenses. This legislation will provide a huge incentive for consumers to purchase long term care insurance as a means of protecting their assets later in life when long term care insurance benefits are ultimately exhausted and they are about to enter the Medicaid program. The bill protects assets equal to the benefits paid under the qualifying long term care policy. We oppose any amendments to require a standardized long term care policy as a part of this process, however. Insurers must maintain flexibility to offer innovative and differing products.

Other legislation affecting long term care has been filed by Representative Farkas. HB 1349 provides a two year incontestability period for LTC policies, requires the NAIC model act language providing mandatory contingent benefits upon lapse of the policy, requires no greater premium charge for existing insureds than the premium price given to new insureds, forces pooling of data for rating purposes of all affiliated insurers, and directs the Office of Insurance Regulation (OIR) to develop a standardized core benefit plan that all LTC insurers must offer policyholders. This legislation is being sponsored on behalf of the OIR, and is likely to engender significant controversy. We will be actively working on all LTC legislation on behalf of FAIFA this session.

#### SENATE DEBATES PIP LEGISLATION

The Senate Banking and Insurance Committee took significant testimony this week on proposals to reform personal injury protection insurance. Unless readopted, this law “sunset” at the end of this year, and no mandatory PIP law will exist. The industry is divided on whether to “fix” or “kill” PIP. Proposals to mandate a set fee schedule for PIP providers, establish protocols, and reduce fraud are being considered. Some insurers are pushing for no legislation re-authorizing PIP. Large health insurers like Blue Cross Blue Shield and Humana oppose allowing PIP to sunset without a replacement, like mandatory bodily injury coverage, as the costs for these auto accidents will shift to health insurance plans and raise rates. FAIFA similarly opposes any such cost shift, and supports either particular approach to prevent this, including re-instituting PIP or moving to a mandatory bodily injury insurance law to replace PIP.

#### LEGISLATURE AMENDS LAW GOVERNING AGENT TERMINATIONS

Current law mandates an insurer must give 60 days notice to an agent, to terminate the appointment. HB 355 has been adopted by the House Commerce Council to state that unless the contract specifies otherwise, contracts amended or entered into after July 1, 2006, must provide 120 days notice to terminate. FAIFA ascribed to its long-held position to not legislatively interfere with matters of contract, and remains neutral on this legislation. Current practice dictates that most agent company contracts do specify a notice provision, so this legislation will have little impact if adopted in its current form. The Senate version contains language amending all existing contracts to require 120 days prior notice. We will continue to monitor this legislation.

#### HEALTH INSURANCE ID CARDS MANDATED

HB 805, by Representative Bensen, was adopted by the House Insurance Committee this week. This bill requires all health insurers and HMOs to provide an identification card to insureds containing basic policy number information, insurer, phone and address where information can be obtained on coverages, co-pay amounts, etc.

#### SMALL EMPLOYER STOP LOSS FUND LEGISLATION FILED

Legislation intended to model legislation in force in New York by creating a “Healthy Florida Small Employer Stop Loss Fund” has been filed. HB 1393 creates the fund, and states that it shall reimburse claims of small employer insurers, to the extent funds are available. The legislation’s initial draft is not finalized, and so it is difficult to determine how the plan will work and other details. We will be forwarding additional information when it is available.

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