



Session Dispatch

(Weekly Insurance News from the Florida Legislature)

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FAIFA AVERTS LIFE AGENT PRE-LICENSING HOURS REDUCTION!

After significant work, FAIFA hammered out an acceptable compromise to HB 1113 which makes changes to life insurance agent initial licensing requirements. These changes, adopted by the House Insurance Committee this week, will also be amended onto the companion, SB 2526.

The Senate bill contains a provision to reduce pre-licensing educational hours for life insurance agents from 40 down to 20 -- this provision will be stricken from all proposals under the compromise. The bill will now contain language requiring fingerprinting capability at testing facilities, eliminating the requirement that applicants pay a license fee before they take the test (and then forfeiting the license fee if they fail the test) and reducing the time to obtain licensure once an applicant finishes educational and testing requirements. Additionally, language requiring the Department of Financial Services to collect information on the race, ethnicity, and gender of all applicants was added. I worked hard and was successful in getting language deleted from the amendment run in House Insurance on Thursday that would have forced the DFS to release "sample" test questions and the answer key from the life insurance pre-licensing exam every four years! Additionally, FAIFA killed language that appeared to create an opportunity for a reduction in the exam score needed to successfully pass the life insurance pre-licensing exam.

FAIFA must work hard in 2006 to prepare for another effort to reduce the pre-licensing educational requirement in 2007, when it is sure to re-surface. For today, we can breathe a little easier with this important victory!

LEGISLATURE ELIMINATES JOINT AND SEVERAL LIABILITY IN FLORIDA!

Tort Reform has once again been successful in Florida, with the passage of legislation eliminating the doctrine of joint and several liability in Florida. This outdated doctrine enables a plaintiff in a lawsuit with several defendants found to have fault in a lawsuit to recover all damages from just one of the defendants, even if that defendant is only partially at fault. Businesses that are found to be only 5% at fault in an accident are often forced to pay the entire judgment if the other parties at fault are unable to pay. Plaintiffs lawyers fought hard to stop this tort reform package, but the legislation was adopted in a 27 to 13 vote on Thursday, and is on its way to the Governor's desk. The Governor is expected to sign HB 145.

HOUSE CONTINUES TO ADDRESS LONG TERM CARE ISSUES

The House Insurance Committee passed HB 1349, relating to long term care insurance. This controversial legislation contains mixed issues for agents and insurance companies. If enacted, the bill would require existing policyholders to be given a contingent benefit option upon lapse in the event of a rate increase, limits to two years the contestability period for fraud for long term care policies, and establishes rate restrictions by pooling rates in all policy forms in insurer groups, and then requiring that new customer and existing customer rates to be the same.

Representative Pat Patterson filed a FAIFA-supported amendment to remove a requirement that the Office of Insurance Regulation (OIR) promulgate a standardized core benefit plan that must be offered by all long term care insurers. I believe this provision could result in reducing the ability of carriers to be innovative by offering their own benefit plans. Insurers are still highly opposed to the two-year incontestability provision and the rating restrictions. FAIFA supports the contingent benefit upon lapse provision, as it gives seniors on fixed incomes an option other than losing the entire LTC policy they have been faithfully paying into for decades.

FAIFA will continue to fight for changes to this legislation to assure that insurance carriers are not provided a disincentive to continue writing in Florida.

INSURED I.D. CARD LEGISLATION MOVING

HB 805 which requires insurers and HMO's to issue an ID card to all insureds was passed by the House Commerce Council this week. Insurers, HMOs and regulators have worked to make this ID card useful to consumers, but not onerous to produce.

HMO POINT-OF-SERVICE PLAN LEGISLATION

HB 1277 and SB 2294 was adopted by a committee of reference in each house of the legislature this week. This legislation will allow HMOs to sell "point of service" riders to their customers allowing insureds to seek treatment outside the HMO network, for an additional fee. Contested issues include a determination of the amount of total HMO premium that may be allocated to the point of service coverage, a clear description of benefits for consumers, and a clear exclusion from the Florida Life and Health Insurance Guaranty Association for HMO policies offering these riders. The language of the bill allows allocating premium from 15% to 49% for this purpose; this language is likely to change. If adopted, this legislation will result in additional products being available for our member agents to market throughout Florida. The legislation also requires HMOs to comply with risk-based capital requirements.

HEALTH FLEX EXPANDED IN AMENDMENTS

The House Insurance Committee adopted, by amendment, language to include an expansion of Health Flex to include individuals with incomes up to 250 percent of the federal poverty level. For groups, at least 75 percent of the employees at the firm must maintain incomes at or below 250 percent of the federal poverty level, which translates to \$24,500 annually for an individual or \$50,000 annually for a family of four. Health Flex is a program which allows for lower-benefit health care plans to be sold, and has been in existence for the past few years.

PIP "REFORM" ROCKY...AT BEST

Efforts to deal with either fixing personal injury protection (PIP) insurance, or eliminating this mandated coverage from law altogether took a step backwards this week. The House and Senate major committees of reference have both moved back a "sunset" of PIP from the end of this year to the end of 2009 to give the legislature several more legislative sessions to address this contentious issue. Insurers oppose just about everything in these bills. Some insurers want PIP to sunset this year, and others don't feel the legislation goes far enough to combat PIP fraud if the laws stay in effect. The House removed a medical fee schedule, as physicians opposed it, and insurers no longer have

language creating a civil action against false claims from providers. The Senate bill does have new anti-fraud provisions sought by the Department of Financial Services. This fight will continue, and FAIFA continues to work to assure that no drastic cost shifting occurs onto health insurers in the event of a sunset.

SMALL BUSINESS HEALTH INSURANCE REBATE BILL MOVES

As reported last week, legislation providing a small rebate to small employers that are first-time health insurance purchasers is advancing. HB 1265 by Representative Hukill was adopted by the House Health Care Regulation Committee this week. For more details on this legislation, see last week's issue of *Session Dispatch*, article on SB 2428 by Fasano.

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