From: Sharon Heierman
To: Bob Lotane;
Subject: FW: FAIFA Advisor December 2007
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Sales Idea of the Month

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Momentum Building in Taxation and Budget Review Commission for Consideration of Service Tax

Given the revenue shortfalls the State is experiencing and is forecast to continue experiencing for, at least, the next year or two, the climate may be more favorable in Tallahassee among lawmakers to seriously consider adopting a tax on services—including agent commissions. By a 6 to 1 vote, the Finance and Taxation Committee of the Taxation and Budget Review Commission introduced a "tentative services tax proposal" for amending the *State Constitution* that would eliminate current exclusions for services such as legal representation or hair styling. The President of the Florida Retail Federation, Commissioner Randy Miller, was the only committee member to vote against the proposed amendment. Commissioner Martha Barnett offered the proposal to the Committee for consideration. Under the proposal, the Legislature could reenact any exclusion that it deems to serve a "public purpose." Meanwhile, the Commission's Governmental Procedures and Structure Committee is considering a similar services tax idea proposed by long-time tax reform advocate, Commissioner John McKay, who is a former Senate President. His proposal would repeal $9 billion in sales tax exemptions and service exclusions in conjunction with repealing the minimum property tax levied by school districts. You may read these and other Commission member proposals at: http://www.floridatbrc.org/proposals.php. The Commission's website is: http://www.floridatbrc.org/.

FAIFA will fight with along side other affected parties to keep any services sales tax proposal affecting agent commissions off the November 2008 ballot. If we do not prevail in keeping the proposal off the ballot we will fight with all our might to have agent commissions exempted or excluded from taxation by making the case that such an exempt or exclusion meets the "public purpose" test. Get ready to do battle because to accomplish either objective will be require a huge commitment of time, money, determination and many other resources from FAIFA and others who are directly impacted.

A Holiday Basket

Find a business that makes holiday baskets full of candy, nuts, wine, etc. Then each year buy a basket for each of your top clients and personally deliver each one to them. This will give you a chance to see them for a reason other that trying to sell them something, and it allows you to personally wish them happy holidays.

Save the Dates

March 10, 2008 - FAIFA Day on the Hill, The Capitol, Tallahassee, FL

July 14-16, 2008 - FAIFA 76th Career Advancement Conference and Expo, Hyatt Regency Grand Cypress Ressort, Orlando, FL

Visit the FAIFA Web site at www.faifa.org for more information or to register!

Health Advisory Board Submits Legislative Recommendtions

Previously, I reported that the OIR-established Florida Health Insurance Advisory Board (Board) was studying the Florida private health insurance market. It has now published its recommendations for the 2008 Regular Session of the Legislature, and submitted them to the Governor and legislative leaders. The 16 recommendations include suggestions for marketplace improvements, enhancing the insurance risk pool, working toward more transparency and efficiency in the health care system, outline efforts to expand the utilization of electronic medical records. The recommendations also suggest, while acknowledging the state's budget challenges, expansion and enhancement of the Healthy Kids program and other existing public programs; requesting federal funds for a demonstration project to test the effectiveness of coverage for uninsurable Floridians through the public-private Florida Health Insurance Plan; funding for the study of health insurance mandates, as required by law; and studying alternatives to providing individual insurance to all Floridians who are not covered by a group plan, Medicare, Medicaid, or "other comprehensive creditable coverage," as defined by HIPAA.

Of note is a recommendation that microgroup policies (group coverage for 10 or fewer employees) need additional commission incentives for agents. As appealing as that sounds, FAIFA strongly opposes allowing the Legislature to mandate commission levels. When governments fix commissions, they can also reduce them.

Summit on Health Care Delivery System

Representative Dean Cannon, from the Orlando area, invited three House councils and a legislative commission to attend a closed-door roundtable discussion, in Orlando on December 4, relating to the uninsured and the health care delivery system. The goal was to develop initiatives to improve quality and integration of care with patient safety and efficiency. The invitees were: the Economic Expansion & Infrastructure Council, which Representative Dean chairs; the Policy and Budget Council; the Rules and Calendar Council, and the Legislative Budget Commission. FAIFA will inform you of any developments coming out of this meeting as they are made public.

Veteran Insurance Regulator Appointed Executive Director of the Healthy Kids Program

The Healthy Kids Board appointed Rich Robleto Executive Director of the Healthy Kids Program last month. He formerly worked for the Office of Insurance Regulation, serving as the Deputy Commissioner of Life and Health Insurance and the Bureau Chief of Life and Health Product Review, worked 26 years at Blue Cross and Blue Shield of Delaware, and most recently was Executive Vice President of the Florida Association of Health Plans. The Healthy Kids Program is one of the four programs providing coverage to uninsured children in Florida. The other programs are: Medicaid, MediKids, and Children's Medical Services. The Healthy Kids Program makes private insurance more affordable for children ages 5 to 18 years of working families by

discounting the premiums they are charged for coverage.

On August 15, 2007, Mary Beth Senkewicz succeeded Mr. Robleto as Florida's Deputy Commissioner of Life and Health Insurance. Ms. Senkewicz's has more than 25 years of legal and insurance experience, and formerly held positions with the United States Attorney's Office, United States Court of Appeals, the Wyoming Insurance Department and served as the Senior Counsel for Health Policy for 12 years with the National Association of Insurance Commissioners in Washington, D. C.

The Florida Senate & House of Representatives Holding December Committee Meetings

Now that the Special Sessions on property insurance, PIP, and property tax reform have adjourned, the Legislature is ready to get back to its regular interim routine of committee meetings focused on the upcoming 2008 Regular Session. Both Chambers are holding committee meetings the week of December 10 – 14. The Senate and House committees will receive reports from legislative staff on Interim Projects the staff has worked on since the 2007 Regular Session adjourned. Already, several Senate committees have published project reports, but as of the end of November the House has published no reports.

There are three Interim Project reports that the Senate Banking and Insurance committee staff have published or are working on of interest to agents. One give a near-term assessment of what has happened as a result of repeal of PIP and projects anticipated developments following implementation of the new auto insurance requirements beginning January 2008. Another report analyzes the effect of mandating insurance for mental and nervous disorders. The staff will also report on its study of options available to the Florida Hurricane Catastrophe Fund for transferring risk to strengthen its ability to maintain the Fund's solvency. Only one of the reports is available as I write this article; see the links below to the 13-page summary and the 42-page full report. The titles and report numbers are:

- The Effect of Repealing the Florida Motor Vehicle No-Fault Law *Summary* & *Full Report* [2008-102]
- The Effect of Mandating Coverage for Mental and Nervous Disorders [2008-103]
- Options for Transferring Risk from the Florida Hurricane Catastrophe Fund [2008-104]

OIR Issues Order to Companies To Stop Unauthorized Health Insurance Solicitations

Insurance Commissioner Kevin McCarty, on December 5, 2007, ordered Affinity Health Plans (Affinity) and National Alliance Healthcare (NAH) all of their agents and other entities to immediately cease and desist from any unlicensed and unauthorized transaction of insurance contracts covering Florida consumers. Also, the companies must pay all outstanding claims and refund all money collected from Florida consumers by December 15—within 10 days of the Order. The Office has not issued either company a certificate of authority, and the Florida Department of Financial Services has not issued an insurance agent's license to the president of entities affiliated with the companies, Thomas J. Sullivan.

Affinity and NAH have continued to solicit Florida consumers through fax blasting advertisements promoting health insurance, dental insurance, hospitalization coverage, accident insurance, vision, hearing, and chiropractic insurance. Each transmission is an unauthorized transaction of insurance and is felony under Florida law. OIR has determined Affinity's and NAH's conduct violates Florida law and poses an imminent and immediate threat to Floridians' health, safety, and welfare. Since July 2006 close to 800 Floridians purchased insurance through Affinity or NAH. Numerous consumer complaints have resulted and OIR found has found unpaid claims totaling more than $100,000.

Reminder - Decreased Fees For Fingerprints

Effective October 1, 2007, the fee for processing electronic fingerprint submissions was $57.25, down from $62.00—a reduction of $4.75. The fee reduction occurred due to the FBI restructuring it charges to process fingerprints from Florida. As you are aware, fingerprint processing is a part of the agent licensure application process.

Department of Financial Services: http://www.fldfs.com/Agents/

Office of Insurance Regulation: http://www.floir.com/

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