

Unclaimed Property Task Force Seeks to Strengthen NCOIL Model

Looking to strengthen consumer protections related to unclaimed life insurance benefits, an NCOIL Unclaimed Property Task Force is seeking amendments to the *NCOIL Model Unclaimed Life Insurance Benefits Act*. Rep. George Keiser (ND), Task Force Co-chair, requested on March 7 during the NCOIL Spring Meeting in Savannah that all proposed amendments be submitted in mark-up form by April 8.

Rep. Keiser said after the meeting that “We’ve received some great input from legislators and from members of the Task Force Advisory Council about the issues we should be taking under consideration regarding the NCOIL model. What we need now are concrete proposals for the Task Force to consider at the next meeting and going forward.”

Former Alabama legislator

(cont. on page 2 sidebar)



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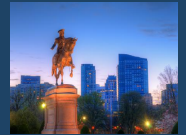
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NCOIL SUMMER MEETING
July 10 to 13
Boston, MA



NCOIL INTERNATIONAL ISSUES TASK FORCE MOVES AGGRESSIVE AGENDA

During the inaugural in-person meeting of the NCOIL International Issues Task Force, held in conjunction with the NCOIL Spring Meeting in Savannah, Georgia, legislators formulated a hard-line timetable for 2014 and beyond. The Task Force vowed to work closely with the Advisory Council and the State Officials Working Group to build a cohesive strategy on international insurance issues, engage actively at a state, federal, and international level, and develop advocacy resources for state legislators.

“Moving forward, we are going to work closely with our regulatory and industry partners to reach the critical mass necessary to drive the policy conversation,” said, after the Spring Meeting, Greg Wren (AL), who served as Task Force chair until leaving the legislature. “We will be actively working on policy issues to help American insurance companies remain competitive internationally, and to preserve the U.S.-based system of insurance regulation.”

The Task Force called (cont. on page 2 sidebar)

PRESIDENT SIGNS LAW TURNING BACK NFIP RATE HIKES, NCOIL LOOKS AT LONGER-TERM REFORMS

Signed by President Obama without fanfare on March 21, a controversial new law that rolls back certain NFIP rate increases and eliminates others signaled a significant change in direction from the 2012 *Biggert-Waters* reform act that—although much praised at the time—called for the rate hikes.

The new approach is the latest in a lengthy bipartisan effort to shield property owners from allegedly unfair rates that critics say threaten the viability of some real estate markets. State legislators at NCOIL shared those concerns—calling in November 2013 for a temporary delay of the *Biggert-*

Waters rate increases so that parties, including NCOIL, could explore longer-term change in 2014.

H.R. 3370, known as the *Homeowner Flood Insurance Affordability Act of 2013*, prevents FEMA from raising annual rates on a class of properties by more than 15 percent and by no more than 18 percent for individual buildings. Among other provisions (see page 2 for further details), H.R. 3370 also allows owners of older homes built before FEMA flood maps to pass the homes’ subsidized rates to new buyers.

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Unclaimed Property...

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Greg Wren, who was NCOIL President at the time of the Spring Meeting, noted after the conference that “The NCOIL model has been and will continue to be a critical tool for states to address unclaimed life insurance benefits, but as with all legislation it must be reviewed to address new developments. Unclaimed property in particular has seen a number of issues crop up over the past two years.”

Proposals will be considered by the Task Force at the NCOIL Summer Meeting in Boston.

NCOIL International Task Force...

(cont. from p. 1)

for development of a “toolbox” for state legislators, the purpose of which is to equip legislators with resources to successfully advocate on behalf of the state-based insurance system. NCOIL leadership also is working closely with NAIC leadership to foster a strong partnership on international matters.

The NCOIL International Issues Task Force will hold its next in-person meeting at the NCOIL Summer Meeting in Boston, Massachusetts.

President Signs Law...

(cont. from page 1)

Speaking on the day of the law’s signing, Sen. Mary Landrieu (LA), one of the most vocal advocates for legislation to “fix” *Biggert-Waters*, said, “Today, draconian flood insurance rate increases have been stopped, and we have returned affordability as a centerpiece of the National Flood Insurance Program. It has been a long and arduous two-year battle to reach today... But our work is not done,” Landrieu asserted. “We must continue our efforts to craft an affordable flood program that works decade after decade...”

H.R. 3370 opponents argued that “undoing” key Biggert-Waters provisions will continue the NFIP down a path of financial instability, to the detriment of taxpayers.

Rep. Candice Miller (MI), commenting on March 4 after H.R. 3370 cleared the House, protested, “The National Flood Insurance Program is hopelessly in debt, over \$25 billion, due to the fact that politics are responsible for setting rates, not actuarial cost.... That’s why,” she said, “I not only voted against the reauthorization today, but why I am also calling on Governor Snyder to opt Michigan out of the program altogether and instead seek a state or private alternative that stops forcing Michigan home-

owners to serve as ATM machines for the rest of the nation.”

NCOIL has long believed that flood risk is a rare example of when the federal government needs to be involved in insurance, but that the federal role should be limited and financially sustainable. During the March

NCOIL Spring Meeting, legislators kicked off discussion of private-market proposals—both federal and state-based approaches—and will explore the issue further prior to and during the July NCOIL Summer Meeting.

H.R. 3370 passed the House 309 to 91 and the Senate 72 to 22.

In Brief: The New NFIP Reform Law

Among other things, H.R. 3370:

- » sets a 15 percent cap on average yearly rate increases for a class of properties
- » sets an 18 percent cap on yearly rate increases for almost all individual policies
- » stops new buyers of subsidized properties (built before FEMA flood maps) from automatically paying full-risk rates
- » reinstates “grandfathering” of pre-flood map properties, so they keep their subsidies
- » allows owners of pre-map properties to buy new NFIP policies at subsidized rates
- » pays for subsidies via a new \$25 surcharge on most homeowner policies & a new \$250 fee on commercial/secondary home policies
- » refunds policyholders who’ve overpaid as per *Biggert-Waters*
- » requires FEMA to minimize how many policies have annual premiums that equal more than one percent of the policy amount
- » appropriates money so FEMA can reimburse people and communities who successfully challenge new flood maps

NCOIL Almanac: a Wealth of Critical Info

The 2014 edition of the NCOIL *Insurance Legislative Fact Book & Almanac*—a comprehensive resource for communicating with **state, federal, and global officials** influencing insurance—is now available at a special \$95 reduced rate, with bulk order discounts. The more than 550-page almanac comes in your choice of CD-ROM, online book, and hard-copy formats. Visit www.ncoil.org for info and ordering.



Feds Change Course on DMF Access after NCOIL, Others Weigh in

Responding to concerns raised by NCOIL, regulators, industry representatives, consumer advocates, and members of Congress, the Department of Commerce announced an interim final rule effective March 26 that ensures continued commercial access to the Social Security Death Master File (DMF). As NCOIL expressed to federal officials in a March 7 letter, regular use of the DMF is a vital consumer protection under an NCOIL *Model Unclaimed Life Insurance Benefits Act*.

The letter and other comments

were sent in response to a directive to restrict access to the DMF from the Office of Management and Budget (OMB) to the Department of Commerce, stemming from the Bipartisan Budget Act of 2013. The interim final rule allows life insurers to obtain temporary certification to access the DMF while a final certification process is developed.

In the letter, sent to OMB and the Department of Commerce, NCOIL stressed that “Life insurers need timely and continuous access to the DMF. Without

access, it would be impossible for insurance companies to go about their daily business and comply with state regulations, such as those based on the NCOIL model, as well as global unclaimed property and insurance settlements.”

Since adoption, the NCOIL model has been enacted in ten states—Alabama, Kentucky, Maryland, Mississippi, Montana, New Mexico, New York, Nevada, North Dakota, and Vermont—and is pending in nine others in the current legislative session.

U.S. Senator Introduces Bill to Ban Pure Hydrocodone, NCOIL Opioid Guidance Moves Forward

Citing “inexplicable reasons” for FDA approval of a pure hydrocodone product that is reportedly easy to abuse, U.S. Senator Joe Manchin (WV) made a two-pronged effort in mid-March to ban Zohydro Extended Release (ER)—sending a letter to HHS urging the Department to overturn the FDA decision and introducing legislation to ban the drug.

Manchin acted despite the FDA’s defense, during a March 13 Senate committee hearing, of the decision to allow use of the pure hydrocodone—and his effort illustrates the importance of state-level reforms, such as NCOIL *Best Practices to Address Opioid Abuse, Misuse & Diversion*.

In his letter to HHS Secretary Kathleen Sebelius on March 10, Senator Machin described Zohydro ER—which does not come in an abuse-resistant form—as “the most powerful hydrocodone drug ever.” He noted that Zohydro ER is up to ten times more potent than Vicodin, Lortab, and similar drugs and cautioned against “unquestionable heavy abuse” if Zohydro ER hits the market. “The FDA,” Machin told Sebelius, “has been urged many times to overturn their approval....These demands cannot fall on deaf ears; too much is at stake.”

Sen. Manchin’s bill—known simply as the *Act to Ban Zohydro*, or S. 2134—would withdraw

the FDA approval and prohibit approval of any extended-release pure hydrocodone product unless it is abuse-deterrent.

Zohydro ER is designed to manage severe pain requiring daily, around-the-clock, long-term treatment. According to FDA Commissioner Dr. Margaret Hamburg, testifying at the March 13 Senate Comm. on Health, Education, Labor & Pensions hearing, the drug serves a “unique niche with respect to pain medication” because it’s an option for patients who may be particularly vulnerable to the side effects, especially liver damage, of the acetaminophen in other hydrocodone products. (*cont. on p. 4*)

Proposed rules put forward by the Dept. of Health and Human Services (HHS) on March 18 would override certain enhanced state requirements for health exchange navigators—even in states with their own exchanges—and could impede legislators’ ability to establish the kind of consumer protections called for in a 2013 NCOIL resolution.

The HHS proposal, released for a 30-day comment period, targets a number of state laws that HHS sees as interfering with and exceeding the intent of Affordable Care Act (ACA) provisions, including some conflict-of-interest standards and rules forbidding navigators from helping consumers who previously bought coverage from an agent or broker, among other rules.

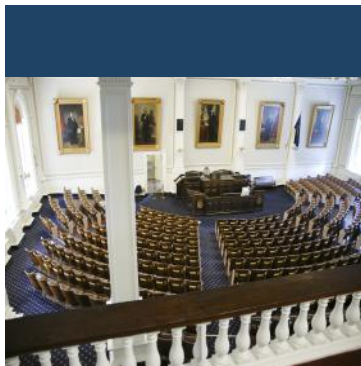
According to NCOIL in its 2013 resolution, states should enact a regulatory framework for navigators and similar assisters to ensure that consumers are not left vulnerable, including establishing licensing and certification programs, among other things. Although, as the NCOIL resolution notes, HHS has said that states may adopt navigator licensing and certification requirements, in January a federal judge struck down a Missouri navigator licensing law, ruling that it conflicted with the ACA.

NCOIL

...for the states

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U.S. Senator... (cont. from page 3)

"We recognize that this is a powerful drug," Dr. Hamburg said, "but we also believe that appropriately used...it meets the standards for safety and efficacy." Regarding development of a less easy-to-abuse version, she said, "We are also trying to ensure that work is going forward with respect to the science and technology of abuse-deterrent versions so that hopefully we can move in that direction in the future."

State and federal officials and interested parties have long agreed that opioid abuse/misuse is a multi-faceted problem. NCOIL's *Best Practices*—which legislators will consider expanding at the NCOIL Summer Meeting—were developed with that in mind. The guidelines focus on prescription drug monitoring programs, doctor prescribing, education/outreach, and treatment/prevention.

NCOIL SUMMER MEETING

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