



Legislators Plan Special Debate on Annuities, Life Insurance Rules

Immediate or Deferred? Fixed or Variable? Taxed or exempt? On Saturday, July 13, NCOIL legislators will shine light on the complex, critically important world of annuities and life insurance product oversight during a symposium entitled *The World of Annuities: Regulation, Consumer Protection & Taxation of Annuities and Other Life Insurance Products*, scheduled during the July 11 to 14 Summer Meeting in Philadelphia.

Legislators at the session, slated from 9:15 to 10:30 a.m., will take a broad look at what's happening with regard to annuities oversight—including solvency and consumer protection concerns related to controversial contingent deferred annuities (CDA), efforts to enhance consumer awareness of annuities products, and proposals to create new taxes for annuities and some life insurance policies. (cont. on p. 4)

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SAVE THE DATE!

NCOIL SUMMER MEETING
July 11 - 14
Philadelphia, PA



NCOIL MEETING TO HONE IN ON ACA EXCHANGE READINESS, PHYSICIAN SHORTAGE CONCERNS

On October 1, one of the major components of the Affordable Care Act (ACA)—health insurance exchanges—will officially come online with the beginning of open enrollment for 2014. As millions of Americans shop for health insurance this Fall, will all 51 exchanges be ready to meet the demand? And when the number of insureds grows exponentially—thanks to exchange usage, expanded Medicaid programs, and other things—will there be enough doctors to go around? Or must states get creative to ensure that no patient is left behind?

NCOIL legislators convened in the City of Brotherly Love will investigate answers to these and other key ACA questions during special symposiums at the July 11 to 14 Summer Meeting.

Speakers at a Thursday, July 11, event will address the progress of health exchange implementation in a session entitled *Open for Business: Will the Health Insurance Exchanges Work as Planned?* Legislators will explore the realities of health exchange setups, including how (cont. on page 3)

NCOIL TO FURTHER EVALUATE TITLE INSURANCE INDUSTRY, OVERSIGHT

Lawmakers to assemble at the Philadelphia NCOIL Summer Meeting will further their look into calls for title insurance reform and will discuss state approaches to protect home-buying consumers. The Property-Casualty Insurance Committee will consider on July 13 how title insurance transactions play out, as well as possible NCOIL next steps, at the Committee's meeting from 8:00 to 9:00 a.m.

The discussion is anticipated to include state regulator, consumer, title insurer and agent representatives, among other stakeholders, and will build on Committee deliberations that began in late 2012. For the first time, a representative of the Real Es-

tate Services Providers Council (RESPRO) will be on hand to explain how affiliated business arrangements—which can raise conflict-of-interest concerns, according to some critics—work.

The Committee also will hear, among other things, from an industry representative regarding the economics of competition in the title insurance market—particularly, the reasons why insurers say competition is alive and (cont. on page 2 sidebar)



NCOIL to Further . . . (cont. from p. 1)

well and that dominance of four insurers is no cause for worry.

Regarding oversight, legislators will take a more specific look—after more generally discussing title insurance regulation in past meetings—at state approaches to licensing, rate regulation, title insurer and agent relationships, and other things.

Participants in recent NCOIL discussions have hailed from the American Land Title Association (ALTA); Center for Economic Justice (CEJ); Demotech, Inc.; The First American Corporation; National Association of Independent Land Title Agents (NAILTA); and National Association of Insurance Commissioners (NAIC).

The Committee's July 13 meeting is one of two Committee sessions scheduled in Philadelphia. On July 14 from 8:00 to 9:00 a.m., legislators will debate controversial model acts to regulate use of consumer legal funding. The Committee also will discuss a proposed ACORD 875 "enhanced" insurance binder form. Development of the form—spurred by NCOIL debate over binder and certificate of insurance models—responds to lenders' need for a detailed document that officially proves coverage before policy issuance and at renewal. ■

FDA Says "No Generic" for Original OxyContin

In a move heralded as a big win for anti-opioid abuse efforts, the U.S. Food and Drug Administration (FDA) on April 16 announced that it was banning generic versions of an original, highly addictive form of the painkiller OxyContin. The extended-release drug, which FDA approved in December 1995, was withdrawn and replaced in 2010 because the pill could be easily crushed to produce a quick and potentially fatal high.

FDA made its decision after concluding that the maker of OxyContin, Purdue Pharma, had pulled the original version "for

reasons of safety or effectiveness." Under federal law, that finding allows the FDA to reject any applications for a generic pill developed from original OxyContin. "Based on the totality of the data and information available to the Agency at this time," the agency wrote in the Federal Register, "FDA concludes that the benefits of original OxyContin no longer outweigh its risks."

OxyContin, as it first hit the market, was replaced in 2010 with a reformulated, second-generation version that is much more difficult to crush and that becomes jelly-like when mixed with water—

thus, difficult to inject. In addition to disallowing generics of the 1995 drug, the FDA on April 16 approved updated labeling of the reformulated version that spells out certain of the new pill's abuse-deterrent properties.

NCOIL legislators will weigh in on best practices for curbing opioid abuse when the NCOIL Workers' Compensation Insurance Committee—building on more than a year of NCOIL special discussions—considers proposed guidelines for reform. Legislators will meet on July 12 during the NCOIL Summer Meeting in Philadelphia, Pennsylvania. ■

OxyContin is the brand name for a Purdue Pharma time-release version of oxycodone, which was developed in Germany in 1916 to be a less hazardous analgesic than morphine and heroin. The drug first hit the U.S. in 1939. By 2007, according to the International Narcotics Control Board, the U.S. had the highest total consumption of oxycodone—amounting to 82 percent of the world's total—and also had the highest per capita consumption. Canada had the misfortune of being next in line. ■



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July 11 to 14, 2013

Philadelphia Marriott Downtown

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*** Full tentative agenda online now ***

Boston Bombings: Insurance and the Marathon Attack

The tragic April 15 bombing at the Boston Marathon's finish line took three lives and injured more than 260 others. As people and businesses affected begin to recover, and officials learn more about what led to the attack, below are some details that we know about insurance coverage and compensation.

Terrorism Coverage

Although President Obama called the Boston bombings an "act of terror," the U.S. Treasury Secretary—who must make such a decision, in agreement with the Secretary of State and U.S. Attorney General, in order for terrorism coverage to kick in—has yet to do so. That means that affected Boston businesses with terrorism insurance still cannot, and perhaps may never, collect on that coverage. To be officially certified as terrorism, an act must cause at least \$5 million in insured losses.

The Boston bombings have further prompted advocates of the Terrorism Risk Insurance Program (TRIP)—which Congress created in 2002 and is scheduled to expire in December 2014—to push for reauthorization. Advocates, generally among the insurance industry, say that the Boston event demonstrates that terrorism is still a threat and that the TRIP government backstop

is vital in order for the private market to continue writing terrorism coverage.

TRIP will not be a factor in the Boston bombings, however. Industry experts do not believe that the private insurance market will reach the \$100 million in losses that are required to activate the program.

Health Insurance

Because the Massachusetts healthcare system requires all citizens to have health coverage, officials predict that very few people injured in the blast, if any, will face huge hospital bills. For the four percent of residents who are uninsured or have inadequate coverage, as well as any such victims from other states, Massachusetts has a Health Safety Net program that provides subsidized insurance for people who make up to 400 percent of the federal poverty level. In 2013, that amounts to \$45,690 for a single person.

In addition, hospitals in the state have charity care programs that can waive some charges for care, according to the Massa-

chusetts Hospital Association.

Some of the patients, including those who lost limbs, face ongoing and possibly substantial medical bills that may not be covered by insurance. According to the American Orthotic & Prosthetic Association, for instance, a lower-leg prosthetic device—not including the cost of occupational or physical therapy—needs to be replaced every three to five years, prices at between \$8,000 to \$30,000, and may be subject to a yearly insurance cap of \$2,500 to \$5,000. The Association recently created a special foundation to assist marathon victims with the costs of their devices.

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Victim Compensation

To help victims and families most impacted by the bombing, Governor Deval Patrick and Boston Mayor Tom Menino recently announced formation of The One Fund Boston that as of April 30 had raised \$27,110,558 from individuals and corporations. Kenneth Fienberg—who administered similar funds for the 9/11 terrorist attacks, the 2010 BP oil spill, and the shootings at Virginia Tech and in Aurora, CO—will be in charge. ■

navigators will play out, and will hear from experts with on-the-ground knowledge.

Invited panelists for the session, scheduled from 10:15 to 11:45 a.m., include Center for Consumer Information & Insurance Oversight (CCIIO) Director Gary Cohen; Jeanette Thornton, Vice President for Health IT Strategies with America's Health Insurance Plans (AHIP); Deputy Commissioner Dan Schwartzer of Wisconsin, who would speak to recent activity of the National Association of Insurance Commissioners (NAIC) Health Care Reform Regulatory Alternatives Working Group; and a consumer representative.

On Friday, July 12, a forum entitled *Who Will Provide the Care under PPACA? Tending to America's Healthcare Needs* will hone in on threatened doctor shortages and will consider pros and cons of broadening "scope-of-practice" rules and expanding use of nurse practitioners and "alternative" providers. Invited guests include Dr. Atul Grover of the Association of American Medical Colleges, as well as representatives of the HHS Health Resources & Services Administration and consumers and providers. The event will run from 10:15 to 11:45 a.m. ■



NCOILetter

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Opinions expressed in the *NCOILetter* do not necessarily reflect NCOIL views or opinions. The *NCOILetter* is published by Nolan Associates LLC.

LEGISLATORS PLAN...

Fueling legislators' interest in regulation of hybrid annuity products is a long-running NAIC effort to determine whether CDAs are more like fixed or variable products—and if so, then which state rules apply. The July NCOIL session also responds to an NAIC/industry/consumer initiative to simplify a buyer's guide for deferred annuities, which consumers would receive when they sit down with their advisors to consider a purchase.

In addition, building on an initial foray into the subject at the NCOIL Spring Meeting, legislators at the Philadelphia special session will explore a recent move by state and federal officials—in order to close gaping budget deficits—to begin taxing consumers on interest that's accrued with certain annuities and life insurance products.

(cont. from page 1)

Invited speakers for the session include Commissioner Julie McPeak of Tennessee, chair of the National Association of Insurance Commissioners (NAIC) Life Insurance & Annuities (A) Committee; Nancy Bennett with the American Academy of Actuaries; and Birny Birnbaum with the Center for Economic Justice. Jason Berkowitz with the Insured Retirement Institute (IRI) will represent the life insurer/agent communities.

The NCOIL Summer Meeting also will investigate implementation of principles-based reserving (PBR) and insurer use of controversial captives/special purpose vehicles (SPVs). Discussion will take place during the Life Insurance & Financial Planning Committee's July 11 meeting from 1:15 to 2:15 p.m. ■