



NCOIL to Look at Economics of Medicaid Expansion and Long-Term Care

After several years of examining controversial Medicaid expansion and long-term care issues, NCOIL is focusing on the looming impact of current approaches at its upcoming Summer Meeting in Philadelphia from July 11 to 14. NCOIL policymakers will hear from experts who will provide an in-depth look at the economic side of these debates.

As forecasts on the impact of the Medicaid decision range anywhere from net budget increases to the prospect of spectacular added costs, uncertainty reigns. NCOIL has invited Dr. Mark Duggan of the University of Pennsylvania to speak to the financial aspect of Medicaid expansion at its Health, Long-Term Care & Health Retirement Issues Committee meeting on July 13. Dr. Duggan will share his perspective as a former Senior Economist *(cont. on p. 4)*

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SAVE THE DATE!
**NCOIL SUMMER
MEETING**
July 11 - 14
Philadelphia, PA



CONTROVERSY OVER ENHANCED BINDER AT CRITICAL JUNCTURE, NCOIL TO CONTEMPLATE LEGISLATIVE APPROACH

Mortgage lenders and p-c industry officials are at a crucial stage in their debates over whether it's necessary to further protect lenders closing on and renewing commercial loans. After more than one year of heated dialogues regarding possibly creating a new, legally binding form with detailed coverage info, discussion at a May 30 ACORD Working Group meeting raised the question, "Is a new form really what we need?"

The effort to consider creating the tentatively dubbed ACORD 875 "enhanced" binder—including

possible alternatives and NCOIL options—will be featured at a July 14 Property-Casualty Insurance Committee session at the NCOIL Summer Meeting.

The 875 concept stems from NCOIL debate over a certificates of insurance model law. The proposed form would meld an ACORD 28 certificate, which is for informational purposes only, with an ACORD 75 binder, which is less detailed but legally binds coverage until the binder is terminated or expires or the insurance policy is issued.

One alternative raised during *(cont. on page 2)*

EFFORTS ON UNCLAIMED PROPERTY CONTINUE, NCOIL MAINTAINS STATUTORY APPROACH

Nationwide efforts to promote fair and effective unclaimed property laws show no sign of flagging. Following settlements with large insurers, state auditors are shifting their focus. At the same time, the Uniform Law Commission (ULC) is revisiting its 1995 Uniform Unclaimed Property Act. NCOIL continues to insist that a statutory approach is the right way to go.

On the regulatory front, big insurers like MetLife, AIG, Prudential, the John Hancock Companies, and Nationwide have already settled with states, but

now state auditors are turning their pens toward mid-size and smaller companies, and John Hancock was recently hit with a class action lawsuit.

The ULC model is primarily concerned with establishing procedures for transfer of unclaimed

property to the state. It last *(cont. on page 2)*



Efforts...

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was updated in 1995, but ULC has invited comment on possible revisions in the wake of recent state and federal activity. Past President Rep. Robert Damron (KY) represented NCOIL at a ULC meeting on April 24.

The NCOIL unclaimed property model, which mandates use of the Social Security Death Mas-



ter File (DMF) to promote proper payouts on life insurance policies, **has passed in eight states since adoption in 2011**. Rep. Damron, sponsor of the model, comments that “the states, with primary oversight over the business of insurance, remain the best prospect for providing proper regulation of this very serious issue.”

These efforts are not without controversy. In April, a state judge **ruled in favor of the retroactive nature of KY legislation**, the genesis of the NCOIL model. ULC may face a challenge in promoting its model on escheatment, as many states are still using versions of the 1981 and 1954 acts, or laws developed on their own.

NCOIL continues to encourage and **monitor state efforts** and will address the issue at its Summer Meeting. ■

Controversy...

the New York City ACORD meeting, which was attended primarily by p-c industry representatives with input from NCOIL Property-Casualty Insurance Committee Chair Rep. Matt Lehman (IN), was to cease the 875 effort and pursue an Iowa-based approach. In Iowa, a binder and an insurance certificate can prove coverage when submitted together. It was mentioned at the meeting that the Iowa alternative would not require new legislation—as language from the Iowa statute might simply be added to a binder form.

It also was mentioned at the meeting that information lenders want on an “enhanced” binder already exists on the insurance application form (that is, “the application drives the binder”) and that any binder, whether enhanced or not, must connect to an agency’s management system.

Attendees also said, among other things, that an enhanced binder could be unworkable for



complex transactions that involve multiple carriers, such as trans-

actions involving both U.S. and non-U.S. insurers. Participants said that a borrower doesn’t decide whether to take terrorism insurance until well after a binder is issued; that the Mortgage Bankers Association (MBA) had developed its own enhanced binder that faced challenges in the states; and that an electronic system might ultimately be available so that lenders could access

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policy details while waiting to receive the policy itself.

Rep. Lehman opened the day-long discussion by urging interested parties to offer solutions to address lender concerns rather than relive past disagreements. Attending via phone, he said, in part, that both lenders and carriers

have a point—lenders likely do need more coverage detail before closing on a large commercial loan, and carriers may not have all information available when issuing a binder.

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Among the legislative options that NCOIL will discuss on July 14 will be a proposal from Rep. Lehman to simply expand the physical layout of the binder, so that agents would have more space to list details regarding covered perils, for instance.

The May 30 ACORD meeting, which in the afternoon looked at specific data element issues as well as things like timelines for production and state approval, was envisioned initially to be a forum in which lender and p-c representatives could build on pre-meeting ACORD Certificate Working Group dialogues and could reach significant agreement on what 875 should look like. The goal was to have the ACORD 875 ready by the July NCOIL Summer Meeting, as requested by Rep. Lehman in March. In mid-May, lenders expressed concern that little progress could be made at the meeting because the p-c industry had not identified its specific objections to lender-requested data elements. Consequently, lender representatives chose not to attend.

As discussed during the afternoon on May 30, the ACORD WG plans to set a date for a conference call meeting in late June or early July. A detailed write-up of the May 30 meeting is expected from ACORD staff soon. ■

Motor Vehicle Studies Paint Alarming Picture

It's comforting to know that vehicles have become safer over the years, but recent studies are proving that our driving habits have not. According to federal officials and transportation experts, fatality rates are up, drowsy driving is a bigger problem than once thought, and texting—particularly among young and less experienced drivers—may be a precursor to other irresponsible driving behaviors. Below are overviews of some key results.

Traffic Fatalities

The National Highway Traffic Safety Administration (NHTSA) in May released an early estimate of traffic fatalities in 2012—and the results were worrisome. 34,080 people are predicted to have died in motor vehicle accidents in 2012, representing a 5.3 percent increase over 2011. Every quarter in 2012 saw more deaths than its 2011 counterpart. If the NHTSA numbers hold true, then 2012 showed the first year-to-year increase in traffic fatalities since 2005.

The rise in traffic deaths in 2012 was an almost national phenomenon. Eight out of ten NHTSA regions likely witnessed more fatalities than in 2011, with a greater than 15 percent increase in Region 1—comprised of Connecticut, Maine, Massa-

chusetts, New Hampshire, Rhode Island, and Vermont. There were small bright spots in the Northeast and Northwest—both Region 2 (New Jersey, New York, and Pennsylvania) and Region 10 (Idaho, Montana, Oregon, and Washington) each saw a one percent decline.

Drowsy Driving

It's been tough to get hard-and-fast numbers on drowsy driving—partly because drivers don't recall nodding off—but a “naturalistic” study conducted by the Virginia Tech Transportation Institute and publicized in April was able to determine—using in-car video, lane tracking software, and other things—that fatigue is a factor in 20 percent of crashes and 16 percent of near-crashes. The study tracked the driving behavior of 100 drivers commuting into or out of Northern Virginia and DC.

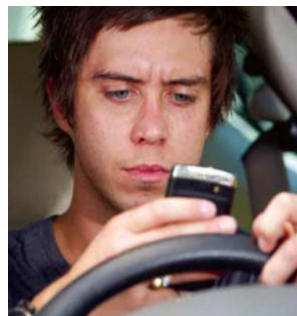
Fatigue is a much more significant factor in daytime incidents, the Virginia study found, than crashes and near-crashes at night. Eighteen to 20-year olds are far more likely to cause a fatigue-related accident than drivers in other age groups. And when researchers say that drivers in the study were tired, they

weren't kidding. Said one Virginia Tech researcher in a press release publicizing study results: “This was not just yawning. The drivers were asleep.”

Texting & Teens

A Centers for Disease Control & Prevention (CDC) report released on May 13 found that 44.5 percent of teen drivers texted while they drove in the 30 days prior to answering the survey. Older students were more likely to do so, as were males.

Teens who drove and texted were five times more likely to drive intoxicated and were more likely to take a casual attitude toward seatbelt use. In fact, teens who texted while driving at least once per day were 40 per-



cent more likely to skip wearing their seatbelts. As reported by experts conducting

the study, teen texters also were more likely to get in the car with an intoxicated driver.

The study was based on data from a 2011 CDC National Youth Risk Behavior Survey, which used a representative sample of 8,505 high school students who were 16 years and older. ■

Are EU Drivers as Phone-Distracted as U.S.?

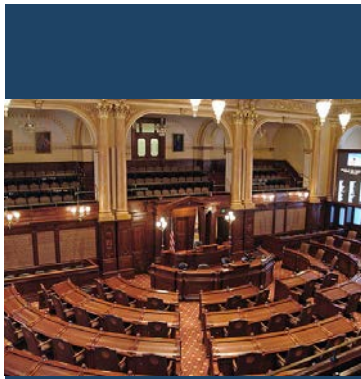
Distracted driving is a big problem in the U.S., but what about overseas? Are Europeans less likely to dial and drive? According to the Centers for Disease Control & Prevention (CDC)—citing results of a 2011 online study of drivers age 18 to 64—they absolutely are. The March 2013 report compared the U.S. to Belgium, France, Germany, the Netherlands, Portugal, Spain, and the United Kingdom and found, among other things, that:

Sixty-nine (69) percent of U.S. respondents said they talked on their cell phones when driving, compared to just 20 percent in the U.K.

Twenty-nine (29) percent in the U.S. drive while using a phone either regularly or fairly often. In the U.K., that number is a mere seven (7) percent.

In the U.S., 31 percent of respondents said they don't use their cells behind the wheel. In Portugal—which by far came closest to the U.S. number—40 percent said that.

The number of U.S. respondents who admitted to phoning while driving was roughly the same as the numbers—combined—for France, Spain, and the U.K. ■



NCOILetter

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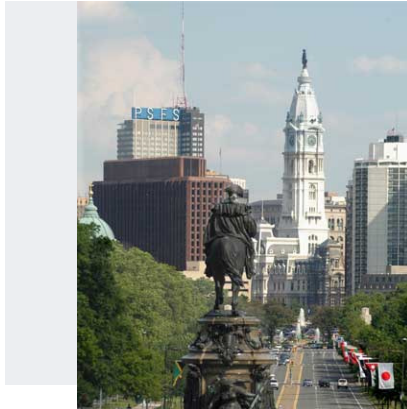
NCOIL TO LOOK ...

for Health Care Policy at the White House Council of Economic Advisers.

On the same day, Dr. Bruce Chernof, President and CEO of The SCAN Foundation, will speak to the very real issues of long-term care and bring forth the foundation's latest findings on long-term

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care financing. Their studies, among other things, find that pressure from growing numbers of retirees could have serious consequences for private insurance and Medicaid. The SCAN studies recently made headlines with an alarming prediction that the window for action is rapidly closing. ■



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Rates go up June 11 * Hotel cut-off June 14

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