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SUMMER MEETING IN PORTLAND
JULY 14-17, 2016**

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SUMMER MEETING
July 14—17, 2016



Sen. Travis Holdman
President



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Thomas B. Considine
Chief Executive Officer

GOVERNOR MIKE LEAVITT TO KEYNOTE NCOIL SUMMER CONFERENCE

Former Utah Governor and United States Health and Human Services Secretary Michael Leavitt will keynote the NCOIL Summer Conference in Portland, OR. His address will take place on Thursday, July 14 at 4 pm. In order to accommodate his busy schedule, the conference agenda has been revised and can be found here: [\(NCOIL Summer Meeting 30 day Materials\)](#)

Governor Leavitt is the founder and Chairman of Leavitt Partners where he advises clients in the health care and food safety sectors. In previous roles, Leavitt served in the Cabinet of President George W. Bush (Administrator of the Environmental Protection Agency and Secretary of Health and Human Services) and as a three-time elected governor of Utah.

NEW HHS-CMS REGULATION PRESENTS CATCH-22 FOR HEALTH SAVINGS ACCOUNT OWNERS

Regulations promulgated in March 2016 by the Department of Health and Human Services (HHS) & Centers for Medicare & Medicaid Services (CMS) will effectively eliminate health savings accounts (HSA) qualified health plans from the insurance exchanges when the regulations go into effect next year.

Under the regulations, consumers can either choose an ACA Qualified Health Plan (QHP) or an Internal Revenue Service (IRS) qualified HSA; they would be precluded from selecting a plan that qualified as both, as they can currently. This is because the out-of-pocket limits and deductible requirements for qualified exchange-based plans set by HHS will conflict with those set by the IRS for HSAs.

Additionally, the regulation requires plans to

cover numerous services below the deductible such as a limited numbers of primary-care visits, specialty-care visits, mental-health and substance-use-disorder outpatient services, urgent-care visits and drug benefits. However, IRS qualified HSA health plans are not permitted to cover any services below the deductible except for preventive services.

As a result of those conflicts, the millions of Americans who currently finance their present and future health care needs through HSAs will face a "Catch-22": keep their HSAs, which will result in them being advised they are losing coverage within six months of the expiration of their current plan year; or choose a "qualified" plan on the exchange and forego the opportunity to have an HSA, and thus be left with a plan that will not

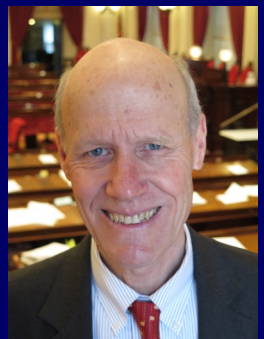
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Rep. Steve Riggs, KY
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Sen. Jason Rapert, AR
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Rep. Bill Botzow, VT
Treasurer

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members go to
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COVERED AGREEMENT WILL ENCROACH UPON U.S. STATE-BASED REGULATION OF INSURANCE

U.S. and EU representatives recently met and announced their continued efforts towards the pursuit of a covered agreement. NCOIL is part of a large group that is concerned over the standards involved in the possible implementation of a covered agreement.

A covered agreement relates directly to the EU's new insurance regulatory reform known as Solvency II, which requires the EU to make an "equivalence" determination for non-EU countries in the areas of group supervision, group solvency, and reinsurance. Non-EU based companies from countries that have been deemed equivalent will be subject to less stringent regulatory standards to operate in the EU than those jurisdictions, such as the U.S., that have not been deemed equivalent. While a covered agreement may be one method for achieving "equivalence" under Solvency II, NCOIL considers a covered agreement to be a drastic step because it could potentially preempt State law and undermine the U.S. system of State-based regulation of insurance.

Of specific concern is a covered agreement relating to reinsurance collateral requirements. Foreign reinsurers' regulators and politicians have objected to their companies having to post a high amount of collateral in the U.S. because it makes such capital unavailable for other purposes. NCOIL believes that if the Federal government enters into a covered agreement on reinsurance collateral, thereby capitulating to the requests of representatives of foreign reinsurers to post little to no collateral in the U.S., small and medium sized U.S. insurers and their customers will be greatly disadvantaged.

NCOIL looks forward to further discussing these issues at its Summer Meeting in Portland, Oregon from July 14-17.

DRONE INSURANCE MARKET FACES CHALLENGES IN ITS DEVELOPMENT

A recent white paper issued by Assurex Global in collaboration with insurance managing general agent Plus Underwriting Managers and brokerage firm Shaw Sabey & Associates, highlighted both the potential and challenges of drone insurance.

According to Assurex Global, larger insurers operating in the U.S. generally have been reluctant to offer specific coverage for drones as they wait for the Federal Aviation Administration (FAA) to finalize and implement the regulatory framework it proposed in 2015. FAA Deputy Administrator Michael Whitaker has stated they hope to issue the rule in June 2016. In the interim, several specialty insurers, including many based outside the U.S., have begun offering liability insurance and other commercial coverages for drone-related risks.

Among the potential property and liability exposures for drone operators range from theft of the drone and its related equipment to property damage and bodily injury caused by drones, as well as premises liability at sites used for scheduled flights, malicious damage, system hacking and contractual liability.

The paper also cited key reasons drone operators should purchase insurance: Existing policy exclusions - most insurance company commercial general liability policies contain exclusions for aviation exposures, which are likely to apply to drones; Contractual requirements - business customers eventually may require liability insurance as a condition of doing business; Legal environment - the plaintiff's bar may be gearing up to bring suits against companies whose drones cause property damage or bodily injury; Reputation - drone insurance signals prospective customers that the insured firm is professional, thorough and reputable.

You can read the full paper here: AssurexGlobal

NCOIL 2016 SUMMER MEETING

Portland Downtown
Waterfront Marriott
Portland, OR
July 14th—17th

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MEETING !!!!!**



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Continued from pg. 1 best meet their unique health care and financial needs.

NCOIL does not believe that depriving individuals of choices relating to a critical issue such as their health is a prudent regulatory practice. The HHS regulation will reduce individuals' coverage choices, and thereby eliminate competition and innovation in health plans.

NCOIL looks forward to further discussing these issues at its Summer Meeting in Portland, Oregon from July 14-17.

EARLY BIRD REGISTRATION & HOTEL BLOCK CLOSES JUNE 22

Don't forget to book your registration before the early-bird period ends on June 22ND and prices increase.

<http://ncoil.org/register-now/>

Follow up on Twitter @NCOILorg

TENTATIVE SCHEDULE

THURSDAY, JULY 14TH

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|---|------------|---|------------|
| Welcome Breakfast | 8:30 a.m. | - | 11:00 a.m. |
| Special Executive Committee | 11:00 a.m. | - | 11:30 a.m. |
| Life Insurance & Financial Planning | 11:30 a.m. | - | 1:00 p.m. |
| The Griffith Insurance Education Foundation Legislator Luncheon Telematics: Use of technology and what does it mean for insurance, rates, and privacy? | 1:10 p.m. | - | 2:15 p.m. |
| Workers Compensation Committee | 2:30 p.m. | - | 4:00 p.m. |
| Keynote Speaker – Governor Michael Leavitt | 4:15 p.m. | - | 5:30 p.m. |
| Reception | 6:00 p.m. | - | 7:00 p.m. |

FRIDAY, JULY 15TH

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| Financial Services & Investment Products Committee | 9:00 a.m. | - | 10:30 a.m. |
| Property and Casualty General Session - "Innovation and Disruption: What Does It Mean to the Marketplace and Insurance Industry, What Will it Mean?" Luncheon | 10:30 a.m. | - | 12:15 p.m. |
| NCOIL – NAIC Dialogue | 12:30 p.m. | - | 2:00 p.m. |
| Health, Long Term Care and Retirement Committee | 2:15 p.m. | - | 3:30 p.m. |
| IEC Board Meeting | 3:30 p.m. | - | 5:30 p.m. |
| | 5:30 p.m. | - | 7:00 p.m. |

SATURDAY, JULY 16TH

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|--|------------|---|------------|
| Health General Session - Air Ambulances: Up, Up, and Away Too Costly? | 9:00 a.m. | - | 10:30 a.m. |
| Property and Casualty Committee | 10:30 a.m. | - | 12:00 p.m. |
| Joint State and Federal Relations/International Issues Committee | 12:00 p.m. | - | 1:30 p.m. |
| ILF Board Meeting | 1:30 p.m. | - | 2:00 p.m. |

SUNDAY, JULY 17TH

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|---------------------|-----------|---|------------|
| Business Planning | 9:00 a.m. | - | 9:45 a.m. |
| Executive Committee | 9:45 a.m. | - | 10:30 a.m. |