



## Legislative Update June 2006

### 2006 JUNE PRIMARY ELECTION WRAP-UP

With Insurance Committee Chairs from both houses, Senator Jackie Speier (D-Hillsborough) and Assemblyman Juan Vargas (D-Chula Vista), losing their primary races for Lieutenant Governor and Congress respectively and as a result of term limit restrictions, the Chair positions for both the Senate and Assembly Insurance Committees are up for grabs this year.

Senator Speier lost her primary bid for Lieutenant Governor to Insurance Commissioner John Garamendi, leaving the Insurance Commissioner's position open for the taking in November. The two candidates running for the Commissioner spot, current Lieutenant Governor Cruz Bustamante and businessman Steve Poizner, won their respective primaries and will now face each other in November. While NAIFA-California is not endorsing either candidate, we believe it would be beneficial for members to have background information on both individuals. To review information on both candidates, please visit NAIFA-California's website at <http://www.naifacalifornia.org/Advocacy/Advocacy.htm>.

Lastly, of the 37 new members to be elected to the Assembly this fall, two that are almost assured to win their respective races are NAIFA-California supported insurance agents who will join Assemblyman Sam Blakeslee and Senator Dave Cox as insurance agents serving in the Assembly. **Ted Gaines**, who currently resides on the Placer County Board of Supervisors, won his primary race for the 4<sup>th</sup> Assembly District. Prior to running for elected office, he was President of his insurance company and served as President of the Independent Insurance Agents and Brokers. Additionally, Yorba Linda City Councilman and insurance agent, **Mike Duvall**, also won his competitive primary race for the 72<sup>nd</sup> Assembly District. Prior to running for elected office, he served as President of his insurance company. NAIFA-California was supportive of both candidates and looks forward to a successful campaign for both come November 7<sup>th</sup>.

### CALIFORNIANS TO STOP UNFAIR RATE INCREASES

As you may have heard, the Department of Insurance (DOI) has proposed a new rate regulation that could cause double digit rate increases for drivers across California. Right now, rates are based on actual risks and costs associated with providing insurance to each driver. However, under the DOI's plan, rates will arbitrarily be lowered for drivers in big, congested cities, and drivers in less populated suburban and rural areas will have to pay more.

In an effort to respond to the DOI's unfair rate regulation, the Californians to Stop Unfair Rate Increases (CSURI) coalition was formed. CSURI is a broad, diverse coalition dedicated to educating Californians about proposed auto insurance regulations that would unfairly raise rates for millions of drivers statewide. Coalition members are asking Insurance Commissioner John Garamendi to stop his department from increasing car insurance rates on drivers in rural areas so they can arbitrarily decrease rates on drivers in congested big cities. With support from major insurance carriers, the coalition is dedicated to keeping California's rates fair and cost based.

NAIFA-California agents are an important part of the education effort regarding these regulations and the impact they would have on members' clients. NAIFA-California members are often the first person drivers come to when they see these kinds of impacts on their rates. It is for this reason that NAIFA-California encourages its members to visit <http://www.stopunfairrates.org/learn.html> to learn more about how to assist in combating these detrimental and unfair regulations.

## **HEALTH LEGISLATION UPDATE**

### **AB 1952 (Nation): Healthcare Coverage – WATCH – DEFEATED**

Assemblyman Nation's individual and employer healthcare mandate bill, AB 1952, would have established the Essential Health Benefits Program and have required the Managed Risk Medical Insurance Board (MRMIB) to offer an essential benefit plan to employees without that coverage through their employment and to self-employed and unemployed individuals. Under the bill, employers who do not provide health care coverage equivalent to the plan would have been assessed a fee.

However, as expected, AB 1952 failed to pass out of the Assembly Appropriations Committee. As such, the bill is now considered dead for the year. Up to this point, the bill has received a great deal of press with the movement of the Massachusetts bill that was similar in concept to the Nation bill.

### **AB 2281 (Chan): High Deductible Health Care Coverage – OPPOSE – DEFEATED**

AB 2281 (Chan), pertaining to healthcare coverage with deductibles, failed to pass out of the Assembly and as such, is now considered defeated. While the author and staff took a number of the recommended amendments that NAIFA-California and industry suggested, NAIFA-California remained opposed to AB 2281.

Despite the amendments, the bill would have placed a maximum out of pocket cap that would have included not only in network coverages, but out of network as well. The inclusion of both coverages under a single cap would have significantly increased costs on policies that currently have separate maximum out of pocket benefits. A combined out of pocket maximum would likely have instituted a "carte blanche" scenario for insureds that would have been permitted to access coverage with any out of network provider once the out of pocket maximum was reached, which would have inevitably driven up premiums.

Assemblymember Chan failed to obtain the 41 votes that the bill needed to pass. The bill failed 37 to 36.

NAIFA-California would like to convey special thanks **Rae Lee Olson** and **Steve Shaw**, members of the Health Insurance Task Force, who traveled to Sacramento over the course of the Spring to discuss with members of the Assembly Health Committee NAIFA-California's concerns regarding AB 2281 and the key concepts that guide NAIFA-California's positions on health legislation. Their testimony and input relayed NAIFA-California members' unique perspective of the frustrations of both businesses that provide benefits to their employees and individuals who purchase health insurance directly. Thank you to Rae Lee and Steve!

*If you have any questions regarding any of the topics mentioned in this report, or others not mentioned, please contact Shari McHugh, Legislative Advocate for NAIFA-California, or Dawn Sanders Koepke at 916/440-0850. Thank you!*