

**BRYON H. SHORT**  
STATE REPRESENTATIVE  
Seventh District



HOUSE OF REPRESENTATIVES  
STATE OF DELAWARE  
LEGISLATIVE HALL  
DOVER, DELAWARE 19901

COMMITTEES  
Economic Development, Banking,  
Insurance & Commerce, Chair  
Energy  
Housing & Community Affairs  
Revenue & Finance  
Veterans Affairs

**Economic Development Committee**  
Meeting Minutes  
June 9, 2010

Chairman Short called the meeting to order at 2:40 p.m. Members present included Representatives D.E. Williams, Viola, Hocker, Brady, and Bennett. Representatives Schwartzkopf and Scott were also present. For a list of guests present, please see attached.

After calling the meeting to order, Chairman Short explained that **HB 422, AN ACT TO AMEND TITLE 6 OF THE DELAWARE CODE RELATING TO CONSUMER LEGAL FINANCE TRANSACTIONS** would be deferred until next week in order to allow concerns of insurance companies to be addressed and for new language to be written. Rep. Hocker asked if an amendment or substitute bill would be put forth. Chairman Short responded that it would depend on the amount of changes necessary to make the bill acceptable to the various parties involved.

Next, Chairman Short choose to address **HS 1 for HB 390, AN ACT TO AMEND TITLE 29 OF THE DELAWARE CODE RELATING TO THE REGULATORY FLEXIBILITY ACT AND THE ADMINISTRATIVE PROCEDURES ACT**, and explained that last week, the committee discussed and voted on the draft substitute. It was necessary for the committee to vote on the actual substitute bill.

Rep. Hocker moved to release the bill from committee; Rep. Bennett seconded the motion. The bill was released from committee on a 2-3-1 vote.

Then, Chairman Short addressed **HB 447, AN ACT TO AMEND TITLE 4 OF THE DELAWARE CODE RELATING TO BREWERY-PUBS AND MICROBREWERIES**, and recognized Rep. Schwartzkopf, the bill's sponsor. Rep. Schwartzkopf explained that the bill amends the code by allowing microbreweries and brewery-pubs to sell on their own premise up to the federal level. Additionally, the bill allows for an individual to have an interest in up to two brewery-pubs and microbreweries. Rep. Schwartzkopf acknowledged that an amendment was currently being drafted, but he was unaware as to what it contained. The establishments will be able to sell five cases per day per customer. Neither the committee nor the public had any comments.

Rep. Bennett moved to release the bill from committee; Rep. Hocker seconded the motion. The bill was released from committee on a 3-3-0 vote.

Next, Chairman Short addressed **HB 432, AN ACT TO AMEND TITLE 4 OF THE DELAWARE CODE RELATING TO SPIRITS, WINE, AND BEER TASTING**, and recognized Rep. Viola, the bill's sponsor. Rep. Viola explained that this bill would amend tasting of beer by eliminating the last sentence of the section within the code relating to spirits, wine, and beer tasting. The bill allows beer to be tasted regardless of when it originally became available on the marketplace and would allow sampling of spirits that are more than 80 proof. Neither the committee nor the public had any comments.

Rep. Bennett moved to release the bill from committee; Rep. Williams seconded the motion. The bill was released from committee on a 4-2-0 vote.

Finally, Chairman Short addressed **HB 420, AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO HEALTH INSURANCE**, and recognized Rep. Scott, the bill's sponsor. Rep. Scott explained that the bill prohibits "post-claims underwriting" when insurance companies do not sufficiently perform the underwriting and rescind the insurance from an individual. He stated that this is a form of consumer protection because if an individual buys insurance, there should be some assurance that they will be able to use that insurance when an issue arises.

Mitch Crane, of the Department of Insurance (DOI), explained that this bill had been on the Insurance Commissioner's agenda since last year. There are two concerns that this bill addresses: consumer complaints that DOI has received and growing national issues relating to insurance policies being rescinded. Post-underwriting occurs when an insurance company, who previously approved a policy, rescinds the policy after a claim is filed. In other states, problems are arising with insurance companies looking for ways to rescind a policy in order to not have to pay for a claim. Additionally, issues with long-term care insurance exist with insurance companies deny claims based on incomplete applications or remissions. This bill prohibits insurance companies from rescinding policies absent other issues.

Chairman Short recognized Bill Kirk, of Blue Cross Blue Shield, who stated that his company has never rescinded a health insurance policy. He believes that this issue is a rare phenomenon. His main concern is the procedural aspect of this bill. This bill would require companies to notify the policy holder of a policy cancelation within seven days with the policy holder given 15 days to respond. This adds a delay to the proceedings and could possibly force the insurance companies to not comply with payment regulations. Mr. Crane responded that DOI is willing to work with the insurance companies on the procedure, but that payment regulation should not be an issue. Mr. Crane acknowledged that this problem is not arising from the larger insurance companies but from the smaller companies coming into the state. He cited California as an example of a state with many issues surrounding rescinded policies. Mr. Kirk stated that with group insurance plans, it is difficult for insurance companies to determine eligibility until a claim is filed. Mr. Crane stated that group insurance is not included under this bill.

Christine P. Schiltz, of the American Health Insurance Plans, stated that as of September 2010, the Federal Healthcare reform will prohibit rescissions. Ms. Schiltz agreed with Mr. Kirk that issues could arise with notifying DOI and receiving consent for any policy cancelations. Finally, Ms. Schiltz asked that if the bill passes, that enactment either be September 23, as stated in the bill, or between 60-90 days after the bill becomes law. This will give the insurance companies time to comply with the bill. Rep. Scott stated that he is willing to discuss the enactment date in order to come to an agreement with the involved parties.

Finally, Chairman Short recognized Joann Hess who stated her support of this bill, citing the difficulties that can arise in order for individuals to obtain insurance policies.

Rep. Viola moved to release the bill from committee; Rep. Bennett seconded the motion. The bill was released from committee on a 1-5-0 vote.

Chairman Short adjourned the meeting at 3:08 p.m.

Respectfully submitted by,

Jordan L. Fischer