

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda-underwritten by global corporations-- includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

ALEC's Corporate Board

--in recent past or present

- AT&T Services, Inc.
- centerpoint360
- UPS
- Bayer Corporation
- GlaxoSmithKline
- Energy Future Holdings
- Johnson & Johnson
- Coca-Cola Company
- PhRMA
- Kraft Foods, Inc.
- Coca-Cola Co.
- Pfizer Inc.
- Reed Elsevier, Inc.
- DIAGEO
- Peabody Energy
- Intuit, Inc.
- Koch Industries, Inc.
- ExxonMobil
- Verizon
- Reynolds American Inc.
- Wal-Mart Stores, Inc.
- Salt River Project
- Altria Client Services, Inc.
- American Bail Coalition
- State Farm Insurance

For more on these corporations, search at www.SourceWatch.org.

DID YOU KNOW? Corporations **VOTED** to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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The Health Insurance Reform Act for Individual Coverage

Summary

The purpose of this Act is to reform the individual health insurance market and, therefore, make individual and family medical insurance more available to people without group coverage. The bill accomplishes this by establishing predictable rate regulation standards for **over-regulated state markets**. Such regulatory reform encourages insurers to re-enter the individual insurance market with competitive pricing to reach portions of the uninsured population.

ALEC's bill would allow an insurer to guarantee the payment of a certain percentage of its premium income in benefits to policy holders. This percentage would be negotiated with state regulators. If total payout on claims at the end of a year fall short of the guaranteed percentage, policyholders would be refunded the difference. If payout exceeded the guarantee, the insurer would lose the difference, but could adjust its rates to avoid future losses and guard against insolvency. Refunds of less than \$10.00 would be aggregated by the insurer and paid to the State Insurance Department. Refunds above \$10.00 would be sent directly to the policy holders.

Model Legislation

{Title, enacting clause, etc.}

Section 1. This Act may be cited as the **Health Insurance Reform Act for Individual Coverage**.

Section 2. The legislature finds that there is a shortage of affordable major medical insurance for individuals and their dependents not covered by group insurance plans. The legislature further finds that there is a proper and necessary role for the State Insurance Department to continue, under its current authorization, in the regulation of individual health insurance rates and in the monitoring of the solvency of health insurance companies doing business in this state.

The legislature further finds that, for a competitive market for affordable individual health insurance to develop, it is necessary that rates be regulated according to predictable and clear objective standards. Therefore, it is the intent of the legislature to encourage an increase in supply and competition in the individual health insurance market by establishing more predictable standards for rate regulations.

Section 3. Rates on a particular individual health insurance policy form shall be deemed reasonable in relation to the premium and shall be deemed approved upon filing with the Commissioner which meets the requirements of this Act. Benefits shall continue to be deemed reasonable in relation to the premium so long as the insurer complies with the terms of the loss ratio guarantee. This loss ratio guarantee must be in writing, signed by an officer of the insurer, and must contain at least the following:

(A) A recitation of the anticipated loss ratio standards contained in the original actuarial memorandum filed with the policy form when it was originally approved;

(B) A guarantee that the actual loss ratios in the state for the experience period in which the new rates take effect and for each experience period thereafter until new rates are filed shall meet or exceed the loss ratio standards referred to in subparagraph (A) above. If the annual earned premium volume in this State under the particular policy form is less than \$1,000,000 and therefore not actuarially credible, the loss ratio guarantee shall be based on the actual nationwide loss ratio for the policy form. If the aggregate earned premium for all states is less than \$1,000,000, the experience period shall be extended until the end of the calendar year in which \$1,000,000 earned premium is attained;

(C) A guarantee that the actual loss ratio results for the state (or national results, if applicable) for the experience period at issue shall be independently audited at the insurer's expense. This audit must be done in the second quarter of the year following the end of the experience period and the audited results must be reported to the Commissioner not later than June 30 following the date for filing the applicable Accident and Health Policy Experience Exhibit;

(D) A guarantee that if the actual loss ratio during an experience period is less than the anticipated loss ratio for that period, then policyholders in this state shall receive a proportional refund based on premium earned. The total amount of the refund will be calculated by multiplying the anticipated loss ratio by the applicable earned premium during the experience period and subtracting from that result the actual incurred claims during the experience period. If nationwide loss ratios are used, then the total amount refunded in this state shall equal the total refund, as calculated above, multiplied by the total earned premium during the experience period from all policyholders in this state who are eligible for refunds and divided by the total earned premium during that period in all states on the policy form.

Did you know that global pharmaceutical company Bayer Healthcare was the corporate co-chair in 2011?

The refund shall be made to all policyholders in this state who are insured under the applicable policy form as of the last day of the experience period and whose refund would equal \$10.00 or more. The refund will include interest, at the then-current accident and health reserve interest rate established by the National Association of Insurance Commissioners, from the end of the experience period until the date of payment. Payment must be made during the third quarter of the year following the experience period for which a refund is determined to be due.

(E) A guarantee that refunds of less than \$10.00 will be aggregated by the insurer and paid to the Insurance Department of this state.

(F) As used herein, the term "loss ratio" means the ratio of incurred claims to earned premium by number of years of policy duration, for all combined durations.

(G) As used herein, the term "experience period" means, for any given rate filing for which a loss ratio guarantee is made, the period beginning on the first day of the calendar year during which the rates first take effect and ending on the last day of the calendar year during which the insurer earns \$1,000,00 in premium on the form in question in this state or, if the annual premium earned on the form in this state is less than \$1,000,000, nationally. Successive experience periods shall be similarly determined beginning on the first day following the end of the preceding experience period.

(H) As used herein, the term "claims" means only those amounts paid, or to be paid, to satisfy policy benefits.

Section 4. {Severability clause.}

Section 5. {Repealer clause.}

Section 6. {Effective date.}

1995 Sourcebook of American State Legislation. Ammended by the HHS Task Force in 2002.

Center for Media and Democracy's quick summary:

This legislation would undermine state regulations.

Were your laws repealed?

About Us and ALEC EXPOSED. The Center for Media and Democracy reports on corporate spin and government propaganda. We are located in Madison, Wisconsin, and publish www.PRWatch.org, www.SourceWatch.org, and now www.ALECExposed.org. For more information contact: editor@prwatch.org or 608-260-9713.