

**TALHI Events Monday, January 26**

AT&T Executive Education & Conference Center

**BOARD MEETING**

**9:30 am - 11:30 am** Board meeting (*Salon E*)

**TEXAS FORUM**

*Salon AB, unless otherwise noted*

**Luncheon and Keynote Address**

**The 84th Legislature: A Mix of New Faces and Uncertainty** (*Salon D*) **11:45 am-1:00 pm**  
*Ross Ramsey, Texas Tribune*

**Overview of TALHI Legislative Priorities & Lobby Day Training** **1:00-2:30 pm**  
*Jennifer Cawley, Jay Thompson, Tim Conger, and Tim Sorrells*

**TDI's Biennial Report** **2:30-3:05 pm**  
*Melissa Hamilton, Director of Government Relations, TDI*

**Break** **3:05-3:15 pm**

**Outlook for 84th Legislative Session: A Legislative Panel** **3:15-4:00 pm**  
*Chairman John Smithee, Rep. Kenneth Sheets, Rep. Chris Turner, Rep. Poncho Nevarez*

**A New Era in Texas: What to Expect from Texas Governor Greg Abbott** **4:00-4:45 pm**  
*Julia Rathgeber, Deputy Chief of Staff, Office of the Governor*

**Reception at AT&T Center with Legislative Guests** (*Ballroom Foyer*) **5:00-6:00 pm**

**TALHI & NAIFA-TX Joint Events Tuesday, January 27**

AT&T Executive Education & Conference Center; Texas State Capitol

**EVENTS**

**Capitol Day Briefing Breakfast** (*Salon C*) **7:00-8:30 am**  
*7 am Breakfast Begins*  
*7:40 am Welcome & Remarks*  
*7:55 am How to Talk to Your Legislator*

*Begin Transition to Capitol - Load buses on University Avenue* **8:30 am**

**Meetings with Legislators & Staff at Capitol** **8:30-11:30 am**  
*(See Meeting Schedule Handout)*

*Meet in House Gallery for Proclamation* **10:00 am**  
*Then to Senate Gallery for Same*

*Transition Back to AT&T Center* **11:30 am**  
*Load buses at 13<sup>th</sup> & Brazos/East side of Capitol*

**Legislative Appreciation Luncheon & Keynote Address** (*Salon C*) **Noon-1:30 pm**  
*Glenn Hegar, Texas Comptroller*



### **Jennifer Ahrens Cawley**

Jennifer Ahrens Cawley is the Executive Director of the Texas Association of Life and Health Insurers (TALHI). TALHI is a trade association whose members write a majority of the life and health insurance premiums in the state of Texas. As Executive Director, Ms. Cawley is responsible for member relations, education programming and advocating on behalf of the industry to the Texas Legislature and relevant state agencies. From 2005 to 2008, Ms. Cawley was the Senior Associate Commissioner for the Life, Health & Licensing Program at the Texas Department of Insurance. Ms. Cawley oversaw the regulation of a wide range of life, annuity, accident and health insurance, and related coverages offered by insurance companies, in addition to the licensure of insurance agents and adjusters, and other health insurance administrators. Ms. Cawley graduated from Texas Tech University with a Baccalaureate in Agriculture and Applied Economics and University of Texas School of Law. She is licensed to practice law in Texas.

### **Melissa Hamilton**

Melissa Hamilton was hired as Government Relations Director for TDI in October 2012. Prior to her tenure at TDI, Melissa graduated Magna Cum Laude with a Bachelor of Arts degree from Texas A&M University in 2001. She then moved on to receive a Doctor of Jurisprudence degree from the University of Texas at Austin School of Law in 2004. After completing her education, she received a two-year Fair Trial Initiative fellowship to work at Texas Defender Service, representing indigent defendants in capital cases throughout Texas. Following her fellowship, Melissa worked as a staff attorney for The Justice Project and then went on to work in the Texas Senate. Melissa served as Staff Counsel for Texas State Senator Glenn Hegar from 2008 through 2012, where she staffed numerous committees including Business & Commerce, Education, Health & Human Services, Jurisprudence and State Affairs. During her service as Staff Counsel, Senator Hegar authored the Texas Department of Insurance Sunset bill & co-authored the Division of Worker's Compensation Sunset bill. Melissa was instrumental in staffing both these pieces of legislation. Before accepting her current position as Government Relations Director for TDI, Melissa worked for Nationwide Insurance as a Regulatory Attorney.

### **Comptroller Glenn Hegar**

Glenn Hegar was recently elected Texas Comptroller. As a Texas Senator and Chairman of the Subcommittee on Fiscal Matters, the committee charged with reviewing all state and local revenue matters, Glenn was responsible for cutting \$1 billion in taxes during the 83rd legislative session for Texas taxpayers and businesses. Prior to the 83rd legislature, Glenn served as Chairman of the influential Sunset Advisory Commission, which is a vital process that identifies and eliminates waste, duplication, and inefficiency in government agencies.



### **Rep. Alfonso "Poncho" Nevárez**

Alfonso "Poncho" Nevárez was raised in Eagle Pass. Poncho worked part-time while attending UT-Austin and working toward a degree in Government. In 1994, he became the first in his family to graduate from college. From 1994 to 1996, Nevárez took graduate courses in business administration at Texas A&M-International University. Poncho then moved on to law school at St. Mary's University in San Antonio and graduated in 1999. Poncho is a successful attorney with ten employees in four offices. Each year, he devotes a great deal of time providing free legal services to needy elderly. On January 8, 2013 Poncho Nevarez was sworn in as Texas District 74's State Representative; he also became the first Freshman Democrat of the 83rd Legislative State Representative class to file legislation.

### **Ross Ramsey**

Ross Ramsey is executive editor and co-founder of *The Texas Tribune*. Before joining the *Tribune*, Ross was editor and co-owner of *Texas Weekly* for 15 years. He did a 28-month stint in government as associate deputy comptroller for policy and director of communications with the Texas Comptroller of Public Accounts. Before that, he reported for the *Houston Chronicle* from its Austin bureau and for the *Dallas Times Herald*, first on the business desk in Dallas and later as its Austin bureau chief, and worked as a Dallas-based freelance business writer, writing for regional and national magazines and newspapers. Ross got his start in journalism in broadcasting, covering news for radio stations in Denton and Dallas.

### **Julia Rathgeber**

Julia Rathgeber was recently appointed Deputy Chief of Staff for Gov. Greg Abbott, and formerly served as Texas Insurance Commissioner and deputy chief of staff in the Office of Lt. Gov. David Dewhurst. She is a past director of research for the Texas General Land Office, and a past director of the strategic assessment division for the Texas Natural Resource Conservation Commission, now the Texas Commission on Environmental Quality. She is a member of the State Bar of Texas and the Seton Fund Development Board, and a member of and volunteer for The Settlement Club and The Settlement Home for Children. Rathgeber received a bachelor's degree and law degree from the University of Texas at Austin.



### **Rep. Kenneth Sheets**

For more than fifteen years, Kenneth Sheets has served our country in both the Marine Corps and Marine Corps Reserves – achieving the rank of Major, the first in his family to earn a commission. Upon graduation in May 2001 from the University of Texas at Arlington, with an Honors Degree in Political Science, he was commissioned as a Second Lieutenant in the United State Marine Corps Reserve. Kenneth would go on to earn a Juris Doctor from Southern Methodist University, Dedman School of Law. As Vice Chairman of the Policy Committee, Representative Sheets was an extremely influential member who helped shape the positions taken by the Caucus as a whole. As a member of the House Committee on Insurance, Kenneth tackled controversial issues, such as the Texas Windstorm Insurance Association and Obamacare, while examining costly health care mandates and finding ways to prevent unnecessary increases in the cost of coverage.

### **Rep. John Smithee**

Born in Amarillo, Texas, September 7, 1951, John Smithee was admitted to the Texas Bar in 1976. His education includes a B.B.A. degree from West Texas State University, and he is a 1976 graduate of Texas Tech University Law School. John has been a member of the Texas House of Representatives since 1985, including service as Vice-Chairman of the Judiciary Committee and Chairman of the Insurance Committee. John's legislative efforts have centered around judicial reform and insurance reform, and have been the subject of articles in the *National Law Journal* and *Texas Lawyer*. John is a member of the State Bar of Texas and American Bar Association, and is Board Certified in Civil Trial Law and Civil Appellate Law by the Texas Board of Legal Specialization. John is rated A-V by Martindale-Hubbell, and was recognized as a Texas Super Lawyer in the area of Appellate Litigation by *Texas Monthly* and *Law & Politics* in 2006. His practice areas include personal injury, deceptive trade practice, environmental and general commercial litigation.

### **Tim Sorrells**

Tim Sorrells served with the Texas Ethics Commission for more than twelve years, culminating in his role as General Counsel. Before his work with the Texas Ethics Commission, he spent three years in litigation including time as an assistant attorney general for the Texas Office of the Attorney General and in Caldwell County as an assistant district attorney. Tim began his professional career with Metro Alliance in San Antonio, before working in Governor Richards' Office of Immigration and Refugee Affairs. As one of the state's leading experts on political law, Tim's practice focuses on ethics compliance and counsel for elected officials, candidates for office, political action committees and public entities, as well as publicly held and private enterprises. He also holds a professional certification in petroleum land management from the University of Texas and is an honors graduate of Texas State University and The University of Texas School of Law.



### **Jay Thompson**

Jay Thompson is a partner with the firm of Thompson, Coe, Cousins & Irons, LLP. He practices primarily in insurance regulatory and legislative areas, as well as litigation matters which affect both the life/health and property/casualty insurance companies. Thompson earned his BBA in Accounting from Texas Tech University and his JD from UT at Austin. In addition to representing other insurance associations, he has served as General Counsel for TALHI since its inception in 1997. Prior to that, he was General Counsel for one of its predecessors, the TLIA, for a number of years. Thompson also served with distinction in the US Air Force Reserves as a Judge Advocate from 1972 to 1999.

### **Rep. Chris Turner**

Chris Turner majored in government in college and graduated from the University of Texas at Austin. Representing District 101 in the Texas House of Representatives, he serves as Chair of the House Democratic Caucus and sit on the Committees on Insurance and Environmental Regulation. As a state representative, Chris's priorities have included reforming our insurance system to protect the interests of consumers, providing veterans the benefits they have earned, fighting for better funding for public schools, making college more affordable, strengthening DWI laws to protect families from repeat offenders, and lowering utility rates for Texas families.



## Provisional Work Authority

- With its expanding economy, state is experiencing record growth in insurance agent applications.
- Backlogs for licenses often exceed 60 days preventing applicants from beginning work.
- TDI is stepping up its efforts to meet the demand but bureaucratic frustration is occurring for the companies and individuals that have invested in the licensure process.
- Other states allow provisional work authority or permits when individuals pass an exam and criminal background checks.
- This proposal would offer 90 day provisional work authority to individuals in Texas that have passed the state's licensure exam and criminal background checks allowing individuals to begin work without delays. It includes safeguards to address failure to disclose key information.

## ORSA

- The Own Risk and Solvency Assessment (ORSA) Model was developed by the National Association of Insurance Commissioners (Texas is a member) as a tool to aid regulators in assessing insurers' risk management strategies and solvency positions.
- Requires insurers to perform and report to the state their own internal assessments of their projected financial risks during normal and severe stress scenarios.
- Will help TDI assess financial condition of insurers that are part of non-insurance holding companies as well as insurers based outside of Texas.





## Principle-based Reserving

- Life insurers are required to set aside reserves to ensure claims can be paid.
- Currently, reserve requirements are determined by a formula-based approach dating back to the Civil War that has not kept pace the evolving products offered in today's insurance market.
- In response, regulators and industry leaders have worked to develop Principal-based Reserving (PBR) to allow reserves to more accurately reflect the risk assumed by insurers.
- PBR would replace the outmoded formula-based approach eliminating the frequent revising of formulas as new products are introduced and allowing for adjustments as reserves and economic conditions change.
- PBR is already used by property and casualty insurers in the United States and life insurers around the world.

## Prompt Pay Tort Reform

- In order to streamline the payment process for insurance claims submitted by medical providers, medical and insurance stakeholders worked with legislative leaders to pass the state's prompt pay laws.
- Plaintiff lawyers are attempting to exploit those laws by suggesting that they should apply to self-funded plans, an interpretation that is not outlined in the law.
- One law firm claims to have more than \$800 million in pending litigation based on the plaintiff lawyers' interpretation generating millions of dollars in attorney's fees and adding unnecessary costs to the health care system at a time when most are attempting to reduce those costs.
- A growing coalition that includes TALHI is supporting legislation to remove the incentive for unnecessary litigation by placing reasonable caps on the prompt pay penalty structure and creating a two-year statute of limitations.



**TALHI Legislative Priorities for  
the 84<sup>th</sup> Legislature**

### **1. Texas benefits from a stable insurance market.**

Life and health insurers are quiet partners but significant contributors to the state's robust economy providing financial security to Texas families and investing in the state's economy and its communities.

- Insurance taxes are the sixth largest source of tax revenue for the state (taxes and fees total \$3.5 billion).
- Insurance companies were responsible for 247,032 jobs in Texas in 2013.
- Life insurers invest \$428 billion in the Texas economy.
- Life insurers paid \$25 billion in life insurance and annuity benefits in 2012.
- In 2013 health insurers paid \$12.7 billion in insurance claims providing private coverage to 17.4 million Texans.

### **2. Insurance is a complicated subject and we're available as a resource both individually and through our TALHI team to offer insight as needed.**

- We value the role the state plays in fostering a healthy insurance market and are here to offer our expertise on issues they face.
- The TALHI team has a strong tradition of providing straightforward and insightful information on issues affecting our industry and Texas consumers.
- Our goal is to help legislators make choices that contribute to product diversity, price competitiveness, and encourages insurers to bring capital to Texas.

### **3. There are issues that will help strengthen the state's insurance market.**

- Provisional Work Authority
- Own Risk and Solvency Assessment (ORSA)
- Principle-based Reserving (PBR)
- Prompt Pay Tort Reform



**Key Points to Make During  
Legislative Visits**