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## JANUARY 17 - 21: THIS WEEK

The House resumes legislative action in an abbreviated session the week of January 17, with the primary focus on efforts to repeal the health care overhaul. House Ways and Means holds the first in a

series of hearings to tackle what could be the most significant overhaul to the tax code in 25 years.

The Senate remains in recess.

## Cuba

The White House announced on Friday, January 14, that it will loosen restrictions on travel to Cuba, prompting opposition from a key House lawmaker and support from a Senate chairman who wants to further roll back the prohibition on visiting the country. The decision by President Obama would permit religious,

cultural and educational travel. It also would allow U.S. citizens to send up to \$500, four times each year to Cubans who are unaffiliated with the Castro government and Communist Party. In the Republican-controlled House, **Foreign Affairs Chairwoman Ileana Ros-Lehtinen (R-Fla.)** condemned the decision.

## Defense

The **Department of Homeland Security** told Congress that it would cancel **SBINet**, which has cost nearly \$1 billion since 2006 and covered only 53 miles of the U.S.-Mexico border with cameras, sensors and radar. The department suspended the program last year pending a review, and according to documents, it will now move forward with an

alternative that incorporates some elements of SBINet. According to department documents, the new program will incorporate "proven technology," such as unmanned aerial vehicles and thermal imaging devices, and will tailor its plan to the population density and terrain of the border region. It will rely on funding provided in the fiscal 2011 continuing resolution.

## Education

The **Pell grant** program, the largest financial aid program for low-income college students and a big priority of the Obama administration, is potentially in trouble as Republicans look to make good on their pledge to cut domestic spending. House Republicans have made no secret of their desire to cut the program, criticizing increases under both the

economic stimulus program and last year's student aid overhaul. Key Senate Republicans said in recent days, they do not feel bound by a deal that Democrats say they negotiated to protect the program after roughly one-sixth of its funding stream runs out March 4.

## Health Care

After a long debate on Tuesday, January 18, the House was expected to vote Wednesday, January 19, on **HR 2, the Patients Rights Repeal Act**, which is expected to pass the Republican-controlled chamber. But that measure is not expected to reach the floor of the Democratic Senate, and Republicans are expected to shift their focus afterward to more-targeted efforts with potential for bipartisan support, such as dropping a new tax reporting requirement in the law or pushing for changes to medical malpractice laws long sought by physicians.

committees to report new health care legislation to fulfill the GOP campaign pledge "repeal and replace." After that will come bills with a greater chance for bipartisan support. First up, lawmakers are expected to push ahead on a bill to repeal an unpopular tax reporting requirement meant to raise an estimated \$19.2 billion to help pay for the implementation of the law. Another bill expected to receive bipartisan support is **HR 4, the Business Paperwork Mandate Elimination Act of 2011**, which would simply repeal the provision requiring businesses to file a 1099 form with the IRS for every vendor to whom they pay more than \$600 a year.

The House will vote Thursday, January 20, on Republican resolution **H Res 9** to instruct four

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## Insurance

On Wednesday, January 5, **Rep. Gerald Connolly (D-Va.)** introduced **HR 48, the Federal Life Insurance Transparency Act**. The bill provides that payments under the Federal employee's group life insurance program shall be made in a lump sum, unless the insured or the recipient elects otherwise. Also on January 5, **Rep. Michelle Bachmann (R-Minn.)** introduced **HR 87**, to repeal the Dodd-Frank Wall Street Reform and Consumer Protection Act.

On Thursday, January 6, the **Independent Insurance Agents and Brokers of America** sent formal comments to the **U.S. Department of Health and Human Services (HHS)** regarding their recently issued final interim rule on Medical Loss Ratio (MLR) requirements under the new health care reform law. In their comments, the Association strongly urged HHS to amend the final interim rule to exclude agent commissions from the MLR formula altogether.

On Wednesday, January 12, **Rep. Daniel Lungren (R-Calif.)** introduced **HR 4, the Small Business Paperwork Mandate Elimination Act of 2011**. The legislation repeals Section 9006 of the Patient Protection and Affordable Care Act which mandates that beginning in 2012, all companies will have to issue 1099 tax forms not just to contract workers but to any individual or corporation from which they buy more than \$600 in goods or services in a tax year. Lungren had already introduced an identical bill on January 5, which was numbered HR 144. House Republicans renumbered the bill indicating that they will act on this bill on an expedited basis. HR 4 has 245 co-sponsors, including 12 Democrats.

The **Property Casualty Insurers Association of America** issued a letter on Monday, January 17, to President Obama and Treasury Secretary Geithner urging the Administration to name the remaining insurance representative to the **Financial Stability Oversight Council (FSOC)**. The Dodd-Frank Act requires that one of the voting members of the FSOC is "an independent member appointed by the President, by and with the advice and consent of the Senate, having insurance expertise." The Dodd-Frank Act also requires that the FSOC have as a non-voting member the Director of the Federal Insurance Office (FIO). To date, the independent insurance expert has not been appointed and the FIO director position remains vacant.

President Obama signed an Executive Order on Tuesday, January 18, outlining his regulatory strategy. In the Executive Order, the President requires Federal agencies to design cost-effective, evidence-based regulations that are compatible with economic growth, job creation, and competitiveness. The President also issued a memorandum to the heads of Executive Agencies and Departments calling for more transparency and accountability in regulatory compliance, as well as a memorandum emphasizing the need to reduce burdens on small businesses whenever possible. Representatives from various insurance trade groups voiced their support for the President's proposal opining that unnecessary regulation adds to costs, limits capacity, and especially in commercial lines, prevents insurers from being globally competitive.

## Tax

**Ways and Means Committee Chairman Dave Camp (R-Mich.)** said Thursday, January 13, the panel would meet on Thursday, January 20, to discuss "fundamental tax reform." The hearing, the first in a series, will focus on the federal income tax. It is scheduled five days before President Obama delivers a State of the Union address

that could also serve as a call to revamp the nation's tax laws. Camp has said he would like to reduce the corporate income tax rate to 25 percent, from the current 35 percent maximum, but it is unclear whether Democrats would go along with such a cut unless it was part of a broader overhaul.

## Trade

**U.S. Trade Representative Ron Kirk** said Thursday, January 13, the administration hopes to get a **U.S.-South Korea trade deal** approved by Congress by July 1, the date a European Union-South Korea trade deal takes effect. However, bundling the Korea, Panama and Colombia deals together, as some House Republicans are advocating, would likely prompt a major fight between President Obama and his allies in organized labor.

Mexico has promised to level no new tariffs on U.S. goods now that the Obama administration is working to resolve a dispute over trucking rights, but that move is not buying goodwill with one of the leading critics of the tariffs.

**Senate Transportation-HUD Appropriations Chairwoman Patty Murray (D-Wash.)** complained that Mexico's gesture does nothing to lift the punitive tariffs that were already imposed. The administration's plan suggests that long-haul Mexican truckers would be allowed to apply for operations permits. The number of permits allowed would be negotiated between the U.S. and Mexican governments. Applicants would be vetted and subjected to two special safety inspections by the Federal Motor Carrier Safety Administration. If those inspections were passed, the Mexican carriers would be "eligible for full operating authority."