



# GOVERNMENT MATTERS

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## Election Update – State Edition

Now that the dust has largely settled on the 2022 elections, the ERIE's Government Affairs team is looking for meaning behind the election numbers. Here are some initial observations on impacts for our industry below (heavy on our home state of Pennsylvania). While we know there are still many changes that lie ahead, this high-level review pinpoints state races that could shape the landscape of the next session and beyond.

### Northeast Region

#### **Pennsylvania**

- Democratic candidate and AG **Josh Shapiro** won easily over Republican Senator Doug Mastriano. PA has not had consecutive Democrat Governors since 1955-1963 when George Leader and David Lawrence took office. PA has also not had three consecutive Governors from the Democratic party since the 1800s. While this appears to be tide-turning, many have watched Shapiro in his various roles over the years - as a member of the House of Representatives, Montgomery County Commissioner and PA Attorney General, as well as a lawyer in the office of Stradley Ronon - and do not anticipate radically turbulent waters. We believe our industry will be able to work collaboratively with Governor-elect Shapiro and look forward to his service. During his candidacy, P&C issues did not appear on his agenda, although his experience in health insurance matters and his advocacy for the rights of victims of sexual abuse will likely find these issues of some importance. Mastriano will return as a member of the Senate following his defeat.
- Rep. **Austin Davis**, currently a Minority member of the House Insurance Committee, will now be Lieutenant Governor. Davis was the first African American to serve as a state representative for the 35th District in Allegheny County. Davis also currently serves as vice chair of the House Democratic Policy Committee, as well as serving on the House Appropriations Committee, House Consumer Affairs Committee, and House Transportation Committee. Davis is also a member of the Pennsylvania Legislative Black Caucus, Climate Caucus and PA SAFE Caucus. Davis has gained significant insurance knowledge while serving on the Committee and did vote favorably on recent industry-led legislation. While serving on the House Insurance Committee, the majority of his sponsored legislation focused on health insurance and care availability, as a long-time supporter of the Affordable Care Act. Davis' House seat will be vacant and part of an upcoming special election.
- The Republicans remain in control of the State Senate, although a razor-thin margin exists for two contested seats that will determine whether the Democrats were successful in winning control of the State House. With 101 Democrats and 100 Republicans declared winners, a change in control appears likely. This could likewise impact the leadership of committee chairpersons. The two seats that still have yet to be called are in suburban Philadelphia (and it may be days before a winner can be declared).
- Minority Chair of the House Insurance Committee Anthony "Tony" DeLuca passed away in October. Despite his passing, DeLuca was on the ballot due to PA election laws and was

successful in that race. A special election will be set for 2023 to fill his spot, which could also impact the control of the House. Tony was a long-standing member and leader in the Insurance Committee. Chairmanship of this Committee tends to pace insurance agendas, which could see some changes should power switch. DeLuca was always open to dialogue, was supportive of recent industry measures, and will be missed.

- New House and Senate Committees will be formed following leadership elections in January. Committees could look completely different, with retirements and new lawmakers in office, setting the tone for the next session. Representative Joanna McClinton is being heralded as the first African American woman Speaker of the House if the Democrats win the Majority.
- Governor Shapiro will also be able to nominate new heads of Commonwealth agencies, including the Insurance Commissioner. Commissioners are appointed by the governor, who nominates a candidate for approval by the Pennsylvania Senate. Shapiro will presumably form a transition team to consider all options. Changes are less likely as control remains Democrat, although Shapiro may want to appoint a team of his own.
- 1 of 4 members of the General Assembly will be new to their position, so education on insurance issues will be needed.
- Only 58% of lawmakers in the House have served more than one term.

**New York** - Heading into the election, Democrats held every statewide office as well as supermajorities in both houses. Incumbent Governor Kathy Hochul (D), who was elevated to her position last year following the resignation of former Governor Andrew Cuomo, was elected to her first full term over challenger Congressman Lee Zeldin (R). While Democrats maintained control of both the Senate and Assembly, Republicans made several gains and increased their numbers in both houses. Significantly, the Democrats in both houses appear to have lost their supermajorities. **Expected Industry Impact** - Leading up to the elections, issues relating to crime and the economy were clearly on the minds of voters which contributed to the Republican gains. Despite the Republican gains, the atmosphere in New York for the property casualty insurance industry will continue to be very challenging. The trial bar will continue to hold major sway in both houses and will likely continue to push bad faith, wrongful death and other bills that could be harmful to the insurance industry.

### West Region

**Illinois** - Incumbent Gov. JB Pritzker (D) easily won re-election and Democrats increased already large majorities in both state legislative chambers. Democrats also increased their majority on the Illinois Supreme Court from 4-3 to 5-2. **Expected Industry Impact** - No significant change in industry impact is anticipated. Illinois will remain very challenging politically and from a legislative, judicial, and regulatory standpoint.

**Indiana** – Republicans picked up one Senate seat and held even in the House, maintaining supermajorities in both state legislative chambers. Gov. Eric Holcomb (R) is not up for re-election until 2024. **Expected Industry Impact** – No significant change is expected. Indiana has a business-friendly regulatory climate but the significant number of plaintiff’s attorneys in the Senate will continue to prove challenging for tort reform efforts and liability issues.

**Kentucky** –Republicans strengthened their supermajorities in both state legislative chambers, but conservative groups failed in their efforts to put two vocal conservatives on the nonpartisan

Supreme Court. Gov. Andy Beshear (D) will seek reelection in 2023. **Expected Industry Impact** - The influence of the trial bar will continue to be a concern, particularly in the House with an increased number of Republicans suspicious of both government and large corporations.

**Ohio** – Incumbent Gov. Mike DeWine (R) handily won re-election and Republicans increased their supermajorities in both state legislative chambers. Republican candidates prevailed in all three Supreme Court races, including the Chief Justice contest, to maintain a 4-3 Republican advantage. **Expected Industry Impact** – Legislatively, no significant change is expected, but the Supreme Court results may produce a positive shift in outcomes in decisions affecting the industry, as the retiring Republican chief justice previously formed a majority with the three Democratic justices in some high-profile decisions.

**Tennessee** – Incumbent Gov. Bill Lee (R) handily won re-election and Republicans increased their supermajority in the House and maintained their supermajority in the Senate. **Expected Industry Impact** - There will be numerous new faces in the legislature that will need to be educated on insurance issues but no significant change in industry impact is expected.

**Wisconsin**- Incumbent Gov. Tony Evers (D) was re-elected in a close race (won by 3.4%), and while Republicans added to their majorities in both state legislative chambers, they fell short of achieving a veto-proof majority in the House. **Expected Industry Impact** - No significant change is expected, as the state will maintain a split government and legislative Republicans will still be unable to override Gov. Evers' vetoes. It remains to be seen whether Gov. Evers and the Republican legislature can get beyond the existing animosity and tension work together now that Evers is locked in for four more years as governor.

### Southeast Region

**District of Columbia** - Democrats won handily in D.C. to continue their lock on the City Council and the Mayor's Office, with Muriel Bowser winning her third term. Councilmember Kenyan McDuffie won his late bid for an independent at-large seat after giving up his Ward 5 seat for the AG's race where he was disqualified for technical reasons. **Expected Industry Impact** – Ongoing political challenges will persist in D.C., although the election of industry ally McDuffie provided some good news on election night.

**Maryland** - Democrats swept the three state executive offices, with Wes Moore elected as the state's first African American governor, while also retaining strong control of the General Assembly. Additionally, voters passed ballot measures to legalize recreational marijuana use and to raise the jury threshold in civil trials from \$15,000 to \$25,000. **Expected Industry Impact** – Maryland will continue as a defensive legislative environment for the industry, while the new governor will get to appoint the insurance commissioner in 2023. Finally, the marijuana legalization and industry-opposed jury threshold measures may impact insurer claims costs and exposures.

**North Carolina** - The GOP obtained a supermajority in the Senate, which they had lost in 2018, and also gained two seats in the House. Republicans also won the majority (5-2) on the Supreme Court by sweeping both seats up for election. **Expected Industry Impact** - North Carolina's legislature should continue its overall business-friendly climate. Also, the state's Supreme Court

may be more predictable going forward, after several recent adverse decisions for the business community under the former majority.

**Virginia** - State-level elections are held in odd years, next in 2023 when all legislative seats will be on the ballot.

**West Virginia** - Republicans expanded their super majorities in both the House and Senate. Additionally, popular GOP Gov. Jim Justice's opposition helped defeat ballot measure Amendment Two, which would have repealed taxes on personal property and on business inventory/equipment and was supported by the Senate. **Expected Industry Impact** - There will be a continued push for further tort reform legislation, although the decrease in moderate Republicans may limit that. Moreover, Amendment 2's defeat could mean a battle over Gov. Justice's tax package next session, detracting from other legislative priorities.