

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 951

Session of
1987

INTRODUCED BY DAWIDA, O'DONNELL, MANDERINO, GAMBLE, MURPHY,
VAN HORNE, MICHLOVIC, MARKOSEK, LEVDANSKY AND KOSINSKI,
APRIL 6, 1987

REFERRED TO COMMITTEE ON INSURANCE, APRIL 6, 1987

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An
2 act relating to insurance; amending, revising, and
3 consolidating the law providing for the incorporation of
4 insurance companies, and the regulation, supervision, and
5 protection of home and foreign insurance companies, Lloyds
6 associations, reciprocal and inter-insurance exchanges, and
7 fire insurance rating bureaus, and the regulation and
8 supervision of insurance carried by such companies,
9 associations, and exchanges, including insurance carried by
10 the State Workmen's Insurance Fund; providing penalties; and
11 repealing existing laws," providing for experience rating,
12 for reporting of certain insurance data, for a liability
13 underwriting services plan, for a standby joint underwriting
14 association for general liability insurance, for procedure
15 for review of rate filings and for a notice of intent to
16 withdraw; and making repeals.

17 The General Assembly of the Commonwealth of Pennsylvania
18 hereby enacts as follows:

19 Section 1. The act of May 17, 1921 (P.L.682, No.284), known
20 as The Insurance Company Law of 1921, is amended by adding
21 articles to read:

22 ARTICLE X-A.

23 EXPERIENCE RATING.

24 Section 1001-A. Submission, Approval and Use of Plan.--No

1 later than July 1, 1987, each insurer required to report data
2 pursuant to Article X-B shall develop and submit to the
3 department an experience rating plan which provides that the
4 premium for each policyholder within a class shall be based upon
5 the policyholder's loss experience. This plan shall be subject
6 to the approval or disapproval of the Insurance Department. If
7 the plan is not approved or disapproved within ninety (90) days
8 of its filing it shall be deemed approved, subject to review by
9 the Insurance Department. Such plan, once approved or deemed
10 approved, shall be put into effect and used by insurers in
11 determining premiums.

12 ARTICLE X-B.

13 DISCLOSURE.

14 Section 1001-B. Reporting of Insurance Data.--No later than
15 July 1, 1987, the Insurance Department shall promulgate rules
16 and regulations which shall require each insurer licensed to
17 write property or casualty insurance in this Commonwealth to
18 record and report its loss and expense experience and other data
19 as may be necessary to determine whether rates are excessive,
20 inadequate or unfairly discriminatory. The department may
21 designate one or more rate service organizations or advisory
22 organizations to gather and compile such experience and data,
23 provided the data is reported separately for each company. The
24 department shall require each insurer licensed to write property
25 or casualty insurance in this Commonwealth, as a supplement to
26 Schedule T of its annual statement to submit a report, on a form
27 furnished by the department, showing its direct writings in this
28 Commonwealth and the United States.

29 Section 1002-B. Types of Insurance.--The supplemental report
30 required by section 1001-B shall include, but not be limited to,

the following specific types of insurance (which shall be shown separately) written by such insurer:

(1) political subdivision liability insurance reported separately in the following categories:

(i) municipalities;

(ii) school districts; and

(iii) authorities;

(2) public official liability insurance;

(3) dram shop liability insurance;

(4) day care center liability insurance;

(5) errors and omissions liability insurance;

(6) officers and directors liability insurance reported separately as follows:

(i) nonprofit entities; and

(ii) for-profit entities;

(7) products liability insurance;

(8) medical malpractice insurance;

(9) attorneys malpractice insurance;

(10) architects and engineers malpractice insurance; and

(11) motor vehicle insurance reported separately for commercial and private passenger vehicles as follows:

(i) motor vehicle liability insurance first party benefits;

(ii) motor vehicle bodily injury liability insurance;

(iii) motor vehicle property liability insurance;

(iv) uninsured motorist insurance; and

(v) underinsured motorist insurance.

Section 1003-B. Data Required.--(a) The supplemental report shall include the following data, both specific to this Commonwealth and also to the United States, by the type of insurance for the previous year ending on the thirty-first day

1 of December:

2 (1) direct premiums written;

3 (2) net premiums written;

4 (3) direct premiums earned;

5 (4) net premiums earned;

6 (5) net investment income, including realized capital gains
7 and losses (which shall be shown separately) but excluding
8 unrealized capital gains and losses, using estimates where
9 necessary;

10 (6) net investment income, including realized capital gains
11 and losses (which shall be shown separately) and including
12 unrealized capital gains and losses (which shall be shown
13 separately), using estimates where necessary;

14 (7) incurred claims developed as the sum of each of the
15 following which shall be shown separately:

16 (i) dollar amount of claims paid; plus

17 (ii) reserves for reported claims at the end of current
18 year; minus

19 (iii) reserves for reported claims at the end of the
20 previous year; plus

21 (iv) reserves for incurred but not reported claims at the
22 end of the current year; minus

23 (v) reserves for incurred but not reported claims at the end
24 of the previous year; plus

25 (vi) loss adjustment expenses paid; plus

26 (vii) reserves for loss adjustment expenses at the end of
27 the current year; minus

28 (viii) reserves for loss adjustment expenses at the end of
29 the previous year;

30 (8) actual incurred expenses, including commissions, other

acquisition costs, general expenses, taxes, licenses and fees,
all of which shall be shown separately;

(9) net underwriting gain or loss;

(10) net operating gain or loss, including net realized
investment income but excluding unrealized investment income;

(11) the sum of the value of closed claims and a
distribution by size of claim for each of the following
categories arising out of the course of business:

(i) for uncontested claims;

(ii) under a judgment entered by a court based upon a
verdict;

(iii) in settlements relating to and completed after
institution of judicial proceedings but prior to a verdict; and

(iv) in settlements relating to and completed after
institution of judicial proceedings and after a verdict has been
rendered in a judicial proceeding;

(12) the sum of the legal costs incurred while settling
claims which result in awards or payments of money, broken down
by attorney fees and other legal costs for each of the following
categories arising out of the course of business:

(i) for uncontested claims;

(ii) under a judgment entered by a court based upon a
verdict;

(iii) in settlements relating to and completed after
institution of judicial proceedings but prior to a verdict; and

(iv) in settlements relating to and completed after
institution of judicial proceedings and after a verdict has been
rendered in a judicial proceeding;

(13) the sum of the legal costs incurred while settling
claims which do not result in awards or payments of money,

broken down by attorney fees and other legal costs for each of
the following categories arising out of the course of business:

(i) for uncontested claims;

(ii) under a judgment entered by a court based upon a
verdict; and

(iii) in settlements relating to and completed after
institution of judicial proceedings but prior to a verdict;

(14) the number and dollar amount of each claim closed with
payment and the dollar amount initially reserved for each claim,
by year incurred;

(15) the number and total dollar amount for all claims
closed with payment and the total dollar amount initially
reserved, by year incurred;

(16) the claims closed without payment and the dollar amount
initially reserved for each claim, by year incurred;

(17) the number of claims closed without payment and the
total dollar amount initially reserved, by year incurred;

(18) the claims pending at the end of each year and the
dollar amount reserved for each claim;

(19) the number of claims pending at the end of each year
and the total dollar amount reserved;

(20) the name and address of any company, association or
exchange which reinsures any part of the coverage it issues; the
coverage provided, restrictions, loss retention per risk if
applicable and cost of such reinsurance; and

(21) any other information requested by the department.

(b) The commissioner shall develop rules and regulations to
implement the reporting requirements of this chapter that shall
include:

(1) provisions to assure the confidentiality of the data

1 with regard to information relevant to individual claims; and
2 (2) standard and uniform definitions for information
3 required to be submitted to the department pursuant to this
4 article that shall be consistent with generally accepted
5 accounting principles, unless no generally accepted standard
6 definitions exist.

7 Section 1004-B. Actuarial Impact Statement Regarding
8 Judicial Decisions.--Any insurance company, or rating
9 organization acting on behalf of more than one insurance
10 company, may file annually, at the same time that the annual
11 statement is due, an actuarial study detailing the impact of any
12 appellate judicial decision rendered during the calendar year
13 reported in the annual statement due at that time which it
14 believes will have a significant impact on the price or
15 availability of insurance.

16 Section 1005-B. Review by Department.--It shall be the duty
17 of the department to annually compile and review all such
18 reports submitted by insurers pursuant to this article and to
19 utilize such reports in determining whether the rates or rating
20 plans and any subsequent modifications thereof for property and
21 casualty insurance in this Commonwealth are excessive,
22 inadequate or unfairly discriminatory. All information collected
23 by the department shall be made available to any interested
24 insured or citizen.

25 Section 1006-B. Requirement for Doing Business.--Each
26 insurance company shall file all of the information required
27 under this article with the Insurance Department as a
28 prerequisite to obtaining permission to write coverage, to
29 continue to do business or to file for rate increases.

30 Section 1007-B. Penalty.--Each insurer who fails to comply

1 with the terms of section 1001-B, 1002-B or 1003-B of this
2 article shall pay a civil penalty of a fine of ten thousand
3 dollars (\$10,000) and thereafter a fine of two hundred dollars
4 (\$200) daily until this article is complied with.

5 ARTICLE X-C.

6 PENNSYLVANIA LIABILITY UNDERWRITING SERVICES PLAN.

7 Section 1001-C. Definitions.--The following words and
8 phrases when used in this article shall have the meanings given
9 to them in this section, unless the context clearly indicates
10 otherwise:

11 (1) "Board," means the board of directors of the plan.

12 (2) "Commercial liability insurance," means insurance
13 coverage against the legal liability of the insured against
14 loss, damage or expense incident to a claim arising out of the
15 death or injury of any person or property damage as the result
16 of or incident to the lawful conduct of a business enterprise or
17 public purpose. The term includes such insurance coverage of
18 governmental entities, including political subdivisions as
19 specified in section 1002-B(1)(i), (ii) and (iii).

20 (3) "Commissioner," means the Insurance Commissioner of the
21 Commonwealth.

22 (4) "Department," means the Insurance Department of the
23 Commonwealth.

24 (5) "Plan," means the Pennsylvania Liability Underwriting
25 Services Plan.

26 (6) "Surplus lines agent," means an individual, partnership
27 or corporation that is duly licensed as such by the commissioner
28 to effect placement of insurance coverage with an unlicensed
29 insurer, and who may receive a commission therefor.

30 Section 1002-C. Creation of Plan.--The Pennsylvania

Liability Underwriting Services Plan is created as a legal entity with all the rights which are reasonable and necessary to fulfill its purpose, including, but not limited to, the following:

(1) To own property.

(2) To enter into contracts.

(3) To sue and be sued, provided that no judgment against the Plan shall create any liability in the individual members.

Section 1003-C. Purpose.--The Plan shall assist in the placement of commercial liability insurance for eligible Pennsylvania commercial risks and public entities that have tried and failed to find such coverage.

Section 1004-C. Membership.--Every commercial liability insurer admitted to do business in this Commonwealth shall, as a condition of its authority to write such kinds of insurance within this Commonwealth, be a member of the Plan and have the rights and obligations as hereinafter described. The commissioner may require that the surplus lines insurance companies participate in the Plan.

Section 1005-C. Participation.--Each member of the Plan shall participate in funding the administrative costs of the plan, to the extent that application fees do not defray those costs, and in the review of applications for insurance. Each member's share of participation obligations shall be equitable and set forth in the plan of operation. However, members of the Plan shall not be required to review application of eligible commercial risks or public entities where the member has not underwritten such coverage for two consecutive years preceding the effective date of this section.

Section 1006-C. Board of Directors.--The Plan shall be

1 governed by nine directors and the Insurance Commissioner, who
2 shall serve as a non-voting ex officio chairman. The nine
3 directors shall be appointed to the board as voting members, by
4 the commissioner, each to serve a term of two years. Five
5 members shall be representatives of insurance companies, two
6 members shall be licensed insurance agents or brokers and two
7 members shall be consumers of commercial insurance. Members
8 shall serve as representatives of their employers, who may have
9 the right to substitute individuals with the prior approval of
10 the commissioner.

11 Section 1007-C. Voting Rights.--Whenever so designated by
12 the board pursuant to its plan of operation, each commercial
13 liability insurer shall be allotted votes in proportion to its
14 share of the Statewide total written premium during the prior
15 year relating to general liability coverage, plus the liability
16 portion, as determined by the commissioner, of commercial multi-
17 peril coverage.

18 Section 1008-C. Organization.--(a) Within sixty (60) days
19 following the issuance of an order by the commissioner to
20 establish a plan the board shall submit to the commissioner, for
21 his review, a proposed plan of operation of the Plan, consistent
22 with the provisions of this act, which shall provide for the
23 formation of the Plan and the economical and efficient
24 administration of the Plan, including, but not limited to,
25 management of the Plan, preliminary assessment of all members
26 for initial expenses necessary to commence operations,
27 establishment of necessary facilities within this Commonwealth,
28 assessment of members to defray continuing expenses, limits of
29 liability, eligibility requirements, procedures for securing
30 timely referrals and quotes on insurance applications and

1 governance of the Plan.

2 (b) The plan of operation shall be subject to approval by
3 the commissioner and shall take effect ten (10) days after
4 having been approved by him. If the commissioner disapproves the
5 proposed plan of operation, the commissioner shall specify his
6 objections and how the plan of operation may be made acceptable.
7 Following the receipt of objections from the commissioner, the
8 Plan shall, within fifteen (15) days, submit for review an
9 appropriately revised plan of operation, and, if the Plan fails
10 to do so or if the revised Plan so filed is unacceptable, the
11 commissioner shall promulgate a plan of operation.

12 (c) The Plan may, by its own initiative, subject to prior
13 approval by the commissioner, amend the plan of operation.

14 Section 1009-C. Application Fees.--Subject to approval by
15 the commissioner, the Plan shall require applications to be
16 accompanied by reasonable application fees, which may vary for
17 different classes of applicants. Initially, application fees
18 should not exceed one hundred dollars (\$100) nor be less than
19 ten dollars (\$10) for any class of insured and shall be reviewed
20 annually by the commissioner. The application fee is non-
21 refundable if the applicant is determined to be eligible for
22 coverage, regardless of whether coverage is found for the
23 applicant through the Plan.

24 Section 1010-C. Eligibility.--All applications for
25 commercial liability coverage may be eligible for consideration
26 by the Plan if they are accompanied by the application fee
27 appropriate to that class of risk, three refusals of coverage
28 from admitted Pennsylvania commercial lines writers and one
29 refusal of coverage from a licensed surplus lines agent, and a
30 completed questionnaire as shall be supplied to the applicant by

1 the Plan and approved by the commissioner, except for
2 applications relating to:

3 (1) Insurance on motor vehicles.

4 (2) Insurance for pollution or environmental impairment.

5 (3) Insurance for workers' compensation and employers'
6 liability.

7 (4) Insurance for medical malpractice professional
8 liability.

9 (5) Insurance on activities conducted substantially outside
10 this Commonwealth unless the insurance is required by
11 Pennsylvania or Federal statute.

12 (6) Other risks as may be excluded by the Plan and approved
13 by the commissioner.

14 Section 1011-C. Immunity.--There shall be no liability or
15 cause of action against any member of the Plan or its agents or
16 employees, the Plan or its agents or employees, members of the
17 board of directors or the department or its representatives for
18 any action taken by or statement made by them in the performance
19 of their powers and duties under this article.

20 Section 1012-C. Funds.--All fees, assessments and other
21 moneys received by the Plan shall be deposited into a restricted
22 revenue account within the General Fund and are hereby
23 appropriated to the board for the purposes set forth in this
24 article.

25 ARTICLE X-D.

26 STANDBY JOINT UNDERWRITING ASSOCIATION

27 FOR GENERAL LIABILITY INSURANCE.

28 Section 1001-D. Definitions.--The following words and
29 phrases when used in this article shall have the meanings given
30 to them in this section, unless the context clearly indicates

1 otherwise:

2 (a) "Association," means the Standby Joint Underwriting
3 Association for General Liability Insurance.

4 (b) "Board," means the board of directors of the
5 association.

6 (c) "Department," means the Insurance Department of the
7 Commonwealth.

8 (d) "General liability insurance," means commercial
9 liability insurance, including policies sold separately or as
10 part of a package, but not including medical malpractice
11 insurance, private passenger motor vehicle insurance or
12 environmental impairment liability insurance. The term includes
13 such insurance coverage of governmental entities, including
14 political subdivisions as specified in section 1002-B(1)(i),
15 (ii) and (iii).

16 Section 1002-D. Creation of Association.--The Standby Joint
17 Underwriting Association for General Liability Insurance is
18 created as a legal entity with all the rights which are
19 reasonable and necessary to fulfill its purpose, including, but
20 not limited to, the following:

21 (1) To own property.

22 (2) To enter into contracts.

23 (3) To sue and be sued.

24 (4) To require insurance companies and the department to
25 provide information in a timely fashion.

26 (5) To require the department to collect information.

27 Section 1003-D. Administration.--The association shall be
28 administered by the board.

29 Section 1004-D. Board.--(a) The board shall consist of
30 thirteen voting members, plus a chairperson, composed of and

1 appointed in accordance with the following:

2 (1) Six representatives of commercial insurance carriers,
3 one of which shall be appointed by the Majority Leader of the
4 House of Representatives; one of which shall be appointed by the
5 Minority Leader of the House of Representatives; one of which
6 shall be appointed by the Majority Leader of the Senate; one of
7 which shall be appointed by the Minority Leader of the Senate;
8 and two of which shall be appointed by the Governor.

9 (2) Six representatives of purchasers of insurance for which
10 the association may write insurance coverage, none of which
11 shall be associated with commercial insurance carriers or the
12 insurance industry, one of which shall be appointed by the
13 Majority Leader of the House of Representatives; one of which
14 shall be appointed by the Minority Leader of the House of
15 Representatives; one of which shall be appointed by the Majority
16 Leader of the Senate; one of which shall be appointed by the
17 Minority Leader of the Senate; and two of which shall be
18 appointed by the Governor.

19 (3) One independent insurance agent, appointed by the
20 Governor.

21 (4) The Insurance Commissioner, who shall serve ex officio
22 and who shall chair the board, but who may vote only in the case
23 of a tie.

24 (b) Seven members of the board, not including the Insurance
25 Commissioner, a majority of which in any combination shall be
26 made up of members other than representatives of commercial
27 insurance carriers, shall constitute a quorum.

28 (c) Board members shall not receive a salary or per diem
29 allowance for serving as members but shall be reimbursed for
30 actual and necessary expenses incurred in the performance of

their duties. Said expenses may include reimbursement for travel and living expenses while engaged in board business.

(d) Each board member shall serve a term of three years, and shall continue to serve thereafter until a successor is appointed, except that of the members first appointed:

(1) The two members representing commercial insurance carriers appointed by the Governor, and the member representing the independent insurance agent shall serve for a term of one year.

(2) The four members representing purchasers of insurance appointed by the Majority and Minority Leaders of the House of Representatives and the Senate shall serve for terms of two years.

No member shall be eligible to serve more than two full consecutive terms of three years. Vacancies on the board shall be filled in the same manner in which they were originally designated under subsection (a), within sixty (60) days of the vacancy. A member may be removed for just cause by the appointing authority after recommendation by a vote of at least nine members of the board.

(e) Within ninety (90) days of the effective date of this article, the Governor, the Majority and Minority Leaders of the House of Representatives and the Majority and Minority Leaders of the Senate shall make all of the appointments called for under this article.

(f) On or before September 1, 1987, the board shall meet, at the call of the chair. Thereafter, the board shall meet at least annually, to determine if the conditions for association action under section 1006-D exist. The Insurance Commissioner shall have the power to call a meeting of the board and any six

members of the board, upon a written letter to the chairman,
shall have the power to call a meeting of the board.

(g) All meetings of the board shall be advertised and
conducted pursuant to the act of July 3, 1986 (P.L.388, No.84),
known as the "Sunshine Act," except that the board may provide
for executive sessions of the board on subjects permitted to be
discussed in such sessions under the "Sunshine Act." No act of
the board shall be taken in executive session.

(h) The Insurance Department shall provide whatever
personnel services may be necessary for the board to fulfill its
responsibilities under this article.

Section 1005-D. Funding.--Where necessary, administrative
costs of the association, including startup expenses, shall be
funded by an assessed prorated contribution of all general
liability insurance companies licensed to do business in this
Commonwealth based on premiums written by the association in
this Commonwealth. Such costs shall be recoverable from premiums
written by the association. The contribution system shall be
established by regulation of the department under section 1009-
D.

Section 1006-D. Insurance.--(a) The association shall write
general liability insurance policies, at the board's direction,
when the board determines that more than five percentum (5%) of
standard risks in any line or subline or classification of
general liability insurance cannot obtain coverage through the
voluntary market at standard rates or the market assistance plan
pursuant to Article X-C. If the board determines that coverage
has been available to ninety-five percentum (95%) or more of the
standard risks in any line or subline of insurance, for at least
six consecutive months, the association shall cease to write any

new policies in that line or subline of insurance and shall not renew any policies in force at that time. No coverage shall be nonrenewed without providing the insured with at least sixty (60) days' notice. The association, at the board's direction, may facilitate pooling arrangements wherever appropriate notwithstanding any law to the contrary.

(b) Any standard risk person unable to obtain coverage may petition the board to write insurance in a certain line or subline and the board, after consideration of the extent of the problem based on data obtained from the department and any other appropriate sources, shall render a decision based on the petition within forty-five (45) days.

(c) The initial areas to be considered under subsection (a) are political subdivisions of the Commonwealth, commercial motor vehicles, dram shops, day-care centers and nonprofit organizations.

(d) The board may not consider coverage from the associations for medical malpractice insurance, private passenger motor vehicle insurance or environmental impairment liability insurance.

(e) The board shall at its discretion create separate associations or accounts for each line or subline of insurance that it writes and shall not commingle funds.

Section 1007-D. Risk Management Program.--The board shall require each insured to adopt a program for risk management to be offered coverage from the association. Approval by the board and compliance with such risk management program shall be a condition precedent to obtaining and maintaining coverage from the association.

Section 1008-D. Risk Apportionment.--(a) The board shall,

1 after consultation with property and casualty insurers
2 transacting business in this Commonwealth, adopt a plan or plans
3 for the equitable apportionment among such insurers of general
4 liability insurance coverage for individuals or groups who are
5 standard risks, but are unable to procure such coverage through
6 the voluntary market at standard rates or the market assistance
7 plan pursuant to Article X-C. The board may adopt a joint
8 underwriting plan which shall provide for one or more designated
9 insurers able and willing to provide policyholder and claim
10 services, including the issuance of insurance policies, to act
11 on behalf of all other insurers required to participate in the
12 joint underwriting plan. Any joint underwriting plan adopted
13 shall provide for the equitable apportionment of any profits
14 realized, or of losses and expenses incurred, among
15 participating insurers. The plan shall include, but not be
16 limited to:

17 (1) Rules for the classification of risks and rates which
18 reflect to the maximum extent possible the past loss experience
19 and prospective loss experience in different geographic areas
20 within this Commonwealth.

21 (2) A rating plan which reasonably reflects the prior claims
22 experience of the insureds.

23 (3) Excess coverage by insurers if the board, in its
24 discretion, requires such coverage by insurers participating in
25 the joint underwriting plan.

26 (b) In the event an underwriting deficit exists at the end
27 of the year the plan is in effect, each policyholder shall pay
28 to the joint underwriting plan a premium contingency assessment
29 not to exceed one-fifth of the premium payment paid by the
30 policyholder for that year. The joint underwriting plan shall

1 pay no further claims on any policy for which the policyholder
2 fails to pay the premium contingency assessment.

3 (c) Any deficit sustained under the plan shall first be
4 recovered through a premium contingency assessment.

5 Concurrently, the rates for insureds shall be adjusted for the
6 next year so as to be actuarially sound in conformance with
7 rules of the department.

8 (d) If there is any remaining deficit under the plan after
9 maximum collection of the premium contingency assessment, this
10 deficit shall be recovered from the companies participating in
11 the plan in the proportion that the net direct premiums of each
12 such member written during the preceding calendar year bears to
13 the aggregate net direct premiums written in this Commonwealth
14 by all members of the joint underwriting plan. It shall not be
15 permissible to use such deficit to increase automobile or
16 homeowners insurance premiums.

17 (e) Upon adoption of a plan, all general liability insurers
18 shall subscribe thereto and participate therein as a condition
19 of doing business in this Commonwealth.

20 Section 1009-D. Regulations.--The board shall promulgate
21 regulations to insure that:

22 (1) The association provides liability insurance as required
23 by this act.

24 (2) There is a procedure for petitioning the board to act
25 under section 1006-D(c) and that there is a definition of
26 "standard risk."

27 (3) Losses and profits are assigned equitably under section
28 1008-D.

29 (4) Coverage is made available through licensed agents and
30 that a reasonable commission is paid.

1 (5) The cost of operating the association is reasonable in
2 relation to the service it provides to the insurance business of
3 this Commonwealth.

4 ARTICLE X-E.

5 REVIEW OF RATE FILINGS.

6 Section 1001-E. Procedure.--The commissioner shall
7 promulgate rules and regulations establishing procedures for the
8 review of rules, rates and rating plans for property and
9 casualty insurance.

10 (b) These rules and regulations shall include, but not be
11 limited to:

12 (1) Uniform definitions.

13 (2) Information required to accompany the submission or
14 modification of rules, rates and rating plans.

15 (3) Public notice of any public hearing or other
16 opportunities of any interested party or person to present
17 information.

18 (4) Requiring that all information filed or presented to the
19 department at any time shall be part of the public record.

20 (5) That all decisions of the department shall be based
21 solely on the evidence in the record.

22 (6) Prohibition of communication by employees of the
23 Insurance Department with any party to a rate filing that is not
24 on the record.

25 ARTICLE X-F.

26 NOTICE OF INTENT TO WITHDRAW.

27 Section 1001-F. Notice Required.--(a) Whenever an insurer
28 licensed to write property and casualty insurance as described
29 in section 1001-B decides to withdraw from any line, subline or
30 classification of business, the insurance company shall file

1 with the Insurance Department a notice detailing the intent to
2 withdraw. The notice shall include, but not be limited to, the
3 reasons for withdrawal, the number of policyholders affected,
4 the effective date of the withdrawal, if the withdrawal is
5 Statewide or national, and a listing of potential sources for
6 replacement coverage for insureds. This notice of withdrawal by
7 insurers shall be filed at least sixty days prior to the
8 effective date of the withdrawal.

9 (b) The Insurance Department shall use this information to
10 assist in determining market conditions.

11 (c) The department shall not permit any insurer licensed to
12 write property and casualty insurance to withdraw from any line
13 or classification of business without complying with the
14 provisions of this article.

15 Section 2. Any investments properly made pursuant to
16 applicable provisions of this act prior to the effective date of
17 this amendatory act shall continue as permitted investments
18 under this act.

19 Section 3. This act is not intended to repeal section 641 of
20 the act of May 17, 1921 (P.L.789, No.285), known as The
21 Insurance Department Act of one thousand nine hundred and
22 twenty-one or its application as provided in the act of December
23 30, 1974 (P.L.1148, No.365), entitled "An act amending the act
24 of May 17, 1921 (P.L.789, No.285), entitled, as amended, 'An act
25 relating to insurance; establishing an insurance department; and
26 amending, revising, and consolidating the law relating to the
27 licensing, qualification, regulation, examination, suspension,
28 and dissolution of insurance companies, Lloyds associations,
29 reciprocal and inter-insurance exchanges, and certain societies
30 and orders, the examination and regulation of fire insurance

1 rating bureaus, and the licensing and regulation of insurance
2 agents, and brokers; the service of legal process upon foreign
3 insurance companies, associations or exchanges; providing
4 penalties, and repealing existing laws,' prohibiting the
5 licensing of lending institutions, public utilities and holding
6 companies except for the sale of certain types of insurance."

7 Section 4. Section 618(B)(11) of the act of May 17, 1921
8 (P.L.682, No.284), known as The Insurance Company Law of 1921,
9 is repealed insofar as it is inconsistent with this act.

10 Section 5. This act shall take effect as follows:

11 (1) As much of section 1 as relates to Article X-A shall
12 take effect in 30 days.

13 (2) The remainder of this act shall take effect
14 immediately.