

AMENDMENTS TO SENATE BILL NO. 1195

Sponsor: SENATOR SCAVELLO

Printer's No. 1762

1 Amend Bill, page 1, line 11, by inserting after "laws,"
2 in general provisions relating to insurance companies,
3 associations and exchanges, further providing for Reinsurance
4 Credits and providing for credit for reinsurance and
5 reciprocal jurisdictions;

6 Amend Bill, page 1, lines 25 through 27, by striking out all
7 of said lines and inserting

8 Section 1. Section 319.1(a), (b) and (f) of the act of May
9 17, 1921 (P.L.682, No.284), known as The Insurance Company Law
10 of 1921, are amended and the section is amended by adding
11 subsections to read:

12 Section 319.1. Reinsurance Credits.--[(a) Unless an
13 unlicensed reinsurer is qualified or certified to accept
14 reinsurance from insurers licensed in this Commonwealth, no
15 credit shall be allowed as an admitted asset or as a reduction
16 of liability relative to risks ceded by such licensed insurers.
17 Qualified or certified reinsurers are those meeting the
18 conditions for reinsurers specified by the commissioner, in his
19 discretion, and included on a list of qualified or certified
20 reinsurers published and periodically reviewed by said
21 commissioner.]

22 (a.1) A domestic ceding insurer may take a credit for
23 reinsurance as either an asset or reduction from liability on
24 account of the reinsurance ceded if it meets the requirements
25 specified in this section.

26 (a.2) The following types of reinsurance arrangements are
27 permissible:

28 (1) Reinsurance ceded to an assuming insurer that is
29 licensed to transact insurance or reinsurance in this
30 Commonwealth in accordance with section 319(b).

31 (2) Reinsurance ceded to an insurer meeting the conditions
32 specified by the commissioner, in the commissioner's discretion,
33 and included on a list of qualified or certified reinsurers
34 published and periodically reviewed by the commissioner
35 including when the reinsurance is ceded to the following:

36 (i) An assuming foreign or alien insurer or group of
37 incorporated alien insurers under common administration that has

1 deemed to be a qualified reinsurer by the commissioner in
2 accordance with the requirements of 31 Pa. Code Ch. 161
3 (relating to requirements for qualified and certified
4 reinsurers).

5 (ii) An assuming insurer that has been certified by the
6 commissioner as a reinsurer in this Commonwealth in accordance
7 with the requirements of 31 Pa. Code Ch. 161, except that as of
8 the effective date of this subsection, the following shall
9 apply:

10 (A) Certified reinsurers not domiciled in the United States
11 must submit the most recent audited financial statements,
12 regulatory filings and actuarial opinions, as filed with the
13 certified reinsurer's supervisor, with a translation into
14 English, but shall not need to submit audited financial
15 statements on a United States generally accepted accounting
16 principles or international financial reporting standards
17 basis.

18 (B) Upon the initial application for certification pursuant
19 to 31 Pa. Code. Ch. 161, the commissioner shall consider audited
20 financial statements for the last two years filed with the
21 certified reinsurer's supervisor.

22 (3) Reinsurance ceded to an assuming insurer meeting the
23 requirements of section 319.3.

24 (4) Reinsurance ceded to an assuming insurer that is
25 domiciled in, or for a United States branch of an alien assuming
26 insurer, is entered through a state that employs standards
27 regarding credit for reinsurance substantially similar to those
28 applicable under the law of this Commonwealth and the assuming
29 insurer or United States branch of an alien assuming insurer
30 meets both of the following:

31 (i) Maintains a surplus as regards policyholders in an
32 amount not less than \$20,000,000, except with regard to
33 reinsurance ceded and assumed pursuant to pooling arrangements
34 among insurers in the same holding company system.

35 (ii) Submits to the authority of the commissioner to examine
36 its books and records.

37 (b) A reduction from liability for the reinsurance ceded by
38 a domestic insurer to an assuming insurer [which is not a
39 qualified or certified reinsurer in accordance with this
40 section] not falling within one of the categories specified
41 under subsection (a.2) shall be allowed in an amount not
42 exceeding the liabilities carried by the ceding insurer and such
43 reduction shall be in the amount of funds held by or on behalf
44 of the ceding insurer, including funds held in trust for the
45 ceding insurer, under a reinsurance contract with such assuming
46 insurer as security for the payment of obligations thereunder,
47 if such security is held in the United States subject to
48 withdrawal solely by and under the exclusive control of the
49 ceding insurer or, in the case of a trust, held in a qualified
50 United States financial institution, as defined in subsection
51 (g) (2). This security may be in the form of:

1 (1) Cash.

2 (2) Securities listed by a securities valuation office of a
3 national association of insurance commissioners or any successor
4 thereto, including those exempted from filing under the Purposes
5 and Procedures Manual of the Securities Valuation Office of the
6 National Association of Insurance Commissioners, and qualifying
7 as admitted assets.

8 (3) (i) Clean, irrevocable, unconditional and evergreen
9 letters of credit issued or confirmed by a qualified United
10 States financial institution, as defined in subsection (g)(1),
11 effective no later than the thirty-first day of December in
12 respect of the year for which filing is being made and in the
13 possession of the ceding insurer on or before the filing date of
14 its annual statement.

15 (ii) Letters of credit meeting applicable standards of
16 issuer acceptability as of the dates of their issuance or
17 confirmation shall, notwithstanding the issuing or confirming
18 institution's subsequent failure to meet applicable standards of
19 issuer acceptability, continue to be acceptable as security
20 until their expiration, extension, renewal, modification or
21 amendment, whichever first occurs.

22 (4) Funds or letters of credit provided by a noninsurer
23 parent corporation of the ceding insurer, in lieu of the funds
24 to be withheld by the ceding insurer under a reinsurance
25 contract with such assuming insurer as security for payment of
26 obligations thereunder, if the following requirements are met:

27 (i) The funds or letters of credit are held subject to
28 withdrawal by and under the control of the ceding insurer.

29 (ii) The type, amount and form of the funds or letters of
30 credit receive the prior approval of the Insurance Commissioner.

31 (5) Any other form of security acceptable to the Insurance
32 Commissioner.

33 * * *

34 (f) The following shall apply:

35 (1) Notwithstanding the provisions of this section, the
36 Insurance Department may promulgate one or more regulations to
37 limit, prohibit or authorize the credit which a domestic insurer
38 may take as an admitted asset or as a reduction in liability
39 with respect to reinsurance ceded on any financial statements
40 filed with the Insurance Department.

41 (2) In addition to and notwithstanding the commissioner's
42 regulatory authority under paragraph (1), the commissioner may
43 promulgate regulations as provided under this paragraph.

44 (i) A regulation promulgated under this paragraph shall
45 only apply to reinsurance relating to the following:

46 (A) Life insurance policies with guaranteed nonlevel gross
47 premiums or guaranteed nonlevel benefits.

48 (B) Universal life insurance policies with provisions
49 resulting in the ability of a policyholder to keep a policy in
50 force over a secondary guarantee period.

51 (C) Variable annuities with guaranteed death or living

1 benefits.

2 (D) Long-term care insurance policies.

3 (E) Other life and health insurance and annuity products
4 related to credit for reinsurance.

5 (ii) A regulation promulgated under this paragraph may apply
6 to treaties entered into after the effective date of this
7 paragraph containing:

8 (A) policies issued after December 31, 2014;

9 (B) policies issued prior to January 1, 2015, if risk
10 pertaining to the policies is ceded in connection with the
11 treaty, in whole or in part, after December 31, 2014 ; or

12 (C) policies that meet the requirements of both clauses (A)
13 and (B).

14 (iii) A regulation promulgated under this paragraph may not
15 apply to cessions to an assuming insurer if the assuming insurer
16 meets one of the following:

17 (A) Meets the requirements under section 319.3.

18 (B) Is certified in this Commonwealth.

19 (C) The commissioner has determined that the assuming
20 insurer maintains at least \$250,000,000 (two hundred and fifty
21 million dollars) in capital and surplus and is either of the
22 following:

23 (I) licensed in at least 26 states; or

24 (II) licensed in at least ten states and licensed or
25 accredited in a total of at least 35 states.

26 * * *

27 Section 1.1. The act is amended by adding a section to read:

28 Section 319.3. Credit For Reinsurance And Reciprocal
29 Jurisdictions.--(a) The commissioner shall allow credit for
30 reinsurance ceded by a domestic insurer to an assuming insurer
31 that is licensed to write reinsurance by, and has its head
32 office or is domiciled in, a reciprocal jurisdiction that meets
33 the requirements of this section.

34 (b) (Reserved).

35 (c) Credit shall be allowed if reinsurance is ceded from an
36 insurer domiciled in this Commonwealth to an assuming insurer
37 meeting each of the following conditions:

38 (1) The assuming insurer must be licensed to transact
39 reinsurance by and have its head office or be domiciled in a
40 reciprocal jurisdiction.

41 (2) The assuming insurer must have and maintain on an
42 ongoing basis minimum capital and surplus, or its equivalent,
43 calculated on at least an annual basis as of the preceding
44 December 31 or at the annual date otherwise statutorily reported
45 to the reciprocal jurisdiction, and confirmed as provided under
46 paragraph (7) according to the methodology of its domiciliary
47 jurisdiction in the following amounts, which may be modified by
48 the commissioner by regulation:

49 (i) at least \$250,000,000; or

50 (ii) if the assuming insurer is an association, including
51 incorporated and individual unincorporated underwriters:

1 (A) minimum capital and surplus equivalents, net of
2 liabilities, or own funds of the equivalent of at least
3 \$250,000,000; and

4 (B) a central fund containing a balance of the equivalent of
5 at least \$250,000,000.

6 (3) The assuming insurer must have and maintain, on an
7 ongoing basis, a minimum solvency or capital ratio, as follows:

8 (i) if the assuming insurer has its head office or is
9 domiciled in a reciprocal jurisdiction as provided under
10 paragraph (1) of the definition of "reciprocal jurisdiction,"
11 the ratio specified in the applicable covered agreement;

12 (ii) if the assuming insurer is domiciled in a reciprocal
13 jurisdiction under paragraph (2) of the definition of
14 "reciprocal jurisdiction", a risk-based capital ratio of 300% of
15 the authorized control level calculated in accordance with the
16 formula developed by the National Association of Insurance
17 Commissioners; or

18 (iii) if the assuming insurer is domiciled in a reciprocal
19 jurisdiction under paragraph (3) of the definition of
20 "reciprocal jurisdiction", after consultation with the
21 reciprocal jurisdiction and considering any recommendations
22 published through the National Association of Insurance
23 Commissioners committee process, the solvency or capital ratio
24 as the commissioner determines to be an effective measure of
25 solvency.

26 (4) The assuming insurer must agree to and provide adequate
27 assurance, by executing a form as prescribed by the
28 commissioner, of its agreement to the following:

29 (i) The assuming insurer must agree to provide prompt
30 written notice and explanation to the commissioner if it falls
31 below the minimum requirements under paragraphs (2) and (3) , or
32 if any regulatory action is taken against it for serious
33 noncompliance with law.

34 (ii) The assuming insurer must consent in writing to the
35 jurisdiction of the courts of this Commonwealth and to the
36 appointment of the commissioner as agent for service of process.

37 (A) The commissioner may require that the consent be
38 provided and included in each reinsurance agreement under the
39 commissioner's jurisdiction.

40 (B) Nothing under this paragraph shall limit or alter the
41 capacity of a party to a reinsurance agreement to agree to
42 alternative dispute resolution mechanisms, except to the extent
43 the agreements are unenforceable under applicable insolvency or
44 delinquency laws.

45 (iii) The assuming insurer must consent in writing to pay
46 each final judgment, wherever enforcement is sought, obtained by
47 a ceding insurer, that have been declared unenforceable in the
48 territory where the judgment was obtained.

49 (iv) Each reinsurance agreement must include a provision
50 requiring the assuming insurer to provide security in an amount
51 equal to one hundred percent (100%) of the assuming insurer's

1 liabilities attributable to reinsurance ceded pursuant to the
2 agreement if the assuming insurer resists enforcement of a final
3 judgment that is enforceable under the law of the jurisdiction
4 in which it was obtained or a properly enforceable arbitration
5 award, whether obtained by the ceding insurer or by its legal
6 successor on behalf of this estate, if applicable.

7 (v) The assuming insurer must:

8 (A) Confirm that it is not presently participating in a
9 solvent scheme of arrangement, which involves this
10 Commonwealth's ceding insurers.

11 (B) Agree to notify the ceding insurer and the commissioner
12 if it enters into a solvent scheme of arrangement.

13 (C) Agree to provide security to the ceding insurer in an
14 amount equal to 100% of the assuming insurer's liabilities to
15 the ceding insurer if the assuming insurer enters into a solvent
16 scheme of arrangement.

17 (D) Agree to provide security in a form consistent with all
18 of the following:

19 (I) The provisions of section 319.1(a.2)(2) applicable to
20 certified reinsurers.

21 (II) Section 319.1(b).

22 (III) 31 Pa.Code Ch. 163 (relating to requirements for funds
23 held as security for the payment of obligations of unlicensed,
24 unqualified reinsurers).

25 (E) For purposes of this subparagraph, the term "solvent
26 scheme of arrangement" means a foreign or alien statutory or
27 regulatory compromise procedure subject to requisite majority
28 creditor approval and judicial sanction in the assuming
29 insurer's home jurisdiction either to finally commute
30 liabilities of duly noticed class members or creditors of a
31 solvent debtor on a final basis, and which may be subject to
32 jurisdictional recognition and enforcement of the arrangement by
33 a governing authority outside the ceding insurer's home
34 jurisdiction.

35 (vi) An assuming insurer shall agree in writing to meet the
36 applicable information filing requirements of paragraph (5) of
37 this subsection.

38 (5) An assuming insurer or its legal successor shall
39 provide, if requested by the commissioner, on behalf of itself
40 and any legal predecessors, the following documentation to the
41 commissioner:

42 (i) for the two years preceding entry into the reinsurance
43 agreement and on an annual basis thereafter, the assuming
44 insurer's annual audited financial statements, in accordance
45 with the law of the jurisdiction of its head office or
46 domiciliary jurisdiction, as applicable, including the external
47 audit report;

48 (ii) for the two years preceding entry into the reinsurance
49 agreement, the solvency and financial condition report or
50 actuarial opinion, if filed with the assuming insurer's
51 supervisor;

1 (iii) prior to entry into the reinsurance agreement and not
2 more often than semi-annually thereafter, an updated list of
3 each disputed and overdue reinsurance claims outstanding for at
4 least 90 days, regarding reinsurance assumed from ceding
5 insurers domiciled in the United States; and

6 (iv) prior to entry into the reinsurance agreement and not
7 more often than semi-annually thereafter, information regarding
8 the assuming insurer's assumed reinsurance by ceding insurer,
9 ceded reinsurance by the assuming insurer and reinsurance
10 recoverable on paid and unpaid losses by the assuming insurer to
11 allow for the evaluation of the criteria under paragraph (6).

12 (6) The assuming insurer must maintain a practice of prompt
13 payment of claims under reinsurance agreements. The lack of
14 prompt payment shall be evidenced by any of the following
15 criteria:

16 (i) More than 15% of the reinsurance recoverables from the
17 assuming insurer are overdue and in dispute as reported to the
18 commissioner.

19 (ii) More than 15% of the assuming insurer's reinsurance
20 recoverables on paid losses are at least 90 days overdue, are
21 not in dispute and exceed \$100,000 for each ceding insurer or as
22 otherwise specified in a covered agreement.

23 (iii) The aggregate amount of reinsurance recoverable on
24 paid losses which are not in dispute, but are overdue by at
25 least 90 days, exceeds \$50,000,000 or as otherwise specified in
26 a covered agreement.

27 (7) The assuming insurer's supervisor shall confirm, in
28 writing, to the commissioner on an annual basis, as of the
29 preceding December 31 or at the annual date otherwise
30 statutorily reported to the reciprocal jurisdiction that the
31 assuming insurer complies with the requirements under paragraphs
32 (2) and (3).

33 (8) Nothing under this subsection shall preclude an assuming
34 insurer from providing the commissioner with information on a
35 voluntary basis.

36 (c.1) The department shall publish the prescribed form under
37 subsection (c)(4) on the department's Internet website and
38 shall submit the form to the Legislative Reference Bureau for
39 publication in the Pennsylvania Bulletin.

40 (d) The commissioner shall timely create and publish a list
41 of reciprocal jurisdictions on the department's Internet website
42 and shall submit the list to the Legislative Reference Bureau
43 for publication in the Pennsylvania Bulletin. The following
44 shall apply:

45 (1) A list of reciprocal jurisdictions is published through
46 the National Association of Insurance Commissioners committee
47 process. The commissioner shall include on the list any
48 reciprocal jurisdiction the meets the requirements of subsection
49 (k)(1) and (2).

50 (2) The commissioner shall consider any other reciprocal
51 jurisdiction that is included on the list of reciprocal

1 jurisdictions published through the National Association of
2 Insurance Commissioners committee process.

3 (3) The commissioner may approve a jurisdiction that does
4 not meet the requirements of subsection (k)(1) or (2) as
5 provided by law, regulation or in accordance with criteria
6 published through the National Association of Insurance
7 Commissioners committee process.

8 (4) The commissioner may remove a jurisdiction from the list
9 of reciprocal jurisdictions upon a determination that the
10 jurisdiction no longer meets the requirements of this section or
11 other law or regulation, or in accordance with a process
12 published through the National Association of Insurance
13 Commissioners committee process, except that the commissioner
14 may not remove a reciprocal jurisdiction that meets the
15 requirements of subsection (k)(1) or (2). Upon removal of a
16 reciprocal jurisdiction from the list, credit for reinsurance
17 ceded to an assuming insurer which has its home office or is
18 domiciled in a jurisdiction shall be allowed only if allowed
19 under section 319.1.

20 (e) The commissioner shall timely create and publish a list
21 of assuming insurers that have satisfied the conditions under
22 this section and to which cessions shall be granted credit. The
23 following shall apply:

24 (1) The commissioner shall create the list in accordance
25 with the following requirements:

26 (i) The commissioner may add an assuming insurer to the list
27 if an National Association of Insurance Commissioners-accredited
28 jurisdiction has added the assuming insurer to a list of the
29 assuming insurers.

30 (ii) The commissioner may add an assuming insurer to the
31 list if, upon initial eligibility, the assuming insurer submits
32 the information to the commissioner as required under subsection
33 (c)(4) and complies with any additional requirements the
34 commissioner may impose by regulation, except to the extent that
35 the the additional requirements conflict with an applicable
36 covered agreement.

37 (iii) If a National Association of Insurance Commissioners-
38 accredited jurisdiction has determined that the conditions under
39 subsection (c) have been met, the commissioner may defer to the
40 jurisdiction's determination and add the assuming insurer to the
41 list of assuming insurers to which cessions shall be granted
42 credit in accordance with this subsection. The commissioner may
43 accept financial documentation filed with another National
44 Association of Insurance Commissioners-accredited jurisdiction
45 or with the National Association of Insurance Commissioners in
46 satisfaction of the requirements of subsection (c).

47 (iv) If requesting that the commissioner defer to another
48 National Association of Insurance Commissioners-accredited
49 jurisdiction's determination, the assuming insurer shall execute
50 the form under subsection (c)(4) and provide additional
51 information required by the commissioner. A state that has

1 received such a request must notify other state insurance
2 regulators through the National Association of Insurance
3 Commissioners committee process and provide the relevant
4 information with respect to the determination of eligibility.

5 (2) If the commissioner determines that an assuming insurer
6 no longer meets one or more of the requirements under this
7 section, the commissioner may revoke or suspend the eligibility
8 of the assuming insurer for recognition under this section.

9 (i) While an assuming insurer's eligibility is suspended, a
10 reinsurance agreement issued, amended or renewed after the
11 effective date of the suspension may not qualify for credit
12 except to the extent that the assuming insurer's obligations
13 under the contract are secured in accordance with section
14 319.1(b).

15 (ii) If an assuming insurer's eligibility is revoked, a
16 credit for reinsurance may not be granted after the effective
17 date of the revocation with respect to any reinsurance
18 agreements entered into by the assuming insurer, including
19 reinsurance agreements entered into prior to the date of
20 revocation, except to the extent that the assuming insurer's
21 obligations under the contract are secured in a form acceptable
22 to the commissioner in accordance with section 319.1(b).

23 (f) Before denying statement credit or imposing a
24 requirement to post security under section 319.1(b)(2) or
25 adopting an similar requirement that will have substantially the
26 same regulatory impact on security, the commissioner shall:

27 (1) Communicate with the ceding insurer, the assuming
28 insurer and the assuming insurer's supervisor that the assuming
29 insurer no longer satisfies one of the conditions listed in
30 subsection (c).

31 (2) Provide the assuming insurer with 30 days from the
32 initial communication to submit a plan to remedy the defect and
33 90 days from the initial communication to remedy the defect
34 except in exceptional circumstances in which a shorter period is
35 necessary for policyholder and consumer protection.

36 (3) After the expiration of the period under paragraph (2),
37 if the commissioner determines that no or insufficient action
38 was taken by the assuming insurer, the commissioner may take any
39 of the actions provided under this subsection.

40 (4) Provide a written explanation to the assuming insurer of
41 any of the requirements under this subsection.

42 (g) If subject to a legal process of rehabilitation,
43 liquidation or conservation, as applicable, the ceding insurer
44 or its representative may seek and, if determined appropriate by
45 the court in which the proceedings are pending, may obtain an
46 order requiring that the assuming insurer post security for all
47 outstanding ceded liabilities.

48 (h) Nothing under this subsection shall limit or alter the
49 capacity of a party to a reinsurance agreement to agree on
50 requirements for security or other terms in the reinsurance
51 agreement, except as expressly prohibited under section 319 or

1 other law or regulation.

2 (i) Credit may be taken under this section only for
3 reinsurance agreements entered into, amended or renewed on or
4 after the effective date of this section and only with respect
5 to losses incurred and reserves reported on or after the later
6 of the date on which the assuming insurer has met all
7 eligibility requirements under subsection (a), and the effective
8 date of the new reinsurance agreement, amendment or renewal. The
9 following shall apply:

10 (1) This subsection shall not alter or impair a ceding
11 insurer's right to take credit for reinsurance, to the extent
12 that credit is not available under this subsection, as long as
13 the reinsurance qualifies for credit under any other provision
14 of section 319.1.

15 (2) Nothing under this subsection shall authorize an
16 assuming insurer to withdraw or reduce the security provided
17 under any reinsurance agreement except as permitted by the terms
18 of the agreement.

19 (3) Nothing under this subsection shall limit or alter the
20 capacity of a party to any reinsurance agreement to renegotiate
21 the agreement.

22 (j) The commissioner may promulgate regulations to carry out
23 the provisions of this section.

24 (k) For the purposes of this section, a "reciprocal
25 jurisdiction" means a jurisdiction, as designated by the
26 commissioner under subsection (d) that meets one of the
27 following requirements:

28 (1) A non-United States jurisdiction that is subject to an
29 in-force covered agreement with the United States, each within
30 its legal authority or, for a covered agreement between the
31 United States and European Union, is a member state of the
32 European Union. For purposes of this paragraph, a "covered
33 agreement" is an agreement entered into under 31 U.S.C. §§ 313
34 (relating to Federal Insurance Office) and 314 (relating to
35 covered agreements) that is currently in effect or in a period
36 of provisional application and addresses the elimination, under
37 specified conditions, of collateral requirements as a condition
38 for entering into any reinsurance agreement with a ceding
39 insurer domiciled in this Commonwealth or for allowing the
40 ceding insurer to recognize credit for reinsurance.

41 (2) A United States jurisdiction that meets the requirements
42 for accreditation under the National Association of Insurance
43 Commissioners financial standards and accreditation program.

44 (3) A qualified jurisdiction, as determined by the
45 commissioner under section 319.1(a.2)(2) which is not otherwise
46 described under paragraph (1) or (2) and which the commissioner
47 determines meets all of the following additional requirements:

48 (i) Provides that an insurer that has its head office or is
49 domiciled in the qualified jurisdiction shall receive credit for
50 reinsurance ceded to a United States-domiciled assuming insurer
51 in the same manner as credit for reinsurance is received for

1 reinsurance assumed by insurers domiciled in such qualified
2 jurisdictions.

3 (ii) Does not require a United States-domiciled assuming
4 insurer to establish or maintain a local presence as a condition
5 for entering into a reinsurance agreement with any ceding
6 insurer subject to regulation by the non-United States
7 jurisdiction or as a condition to allow the ceding insurer to
8 recognize credit for such reinsurance.

9 (iii) Recognizes the United States state regulatory approach
10 to group supervision and group capital by providing written
11 confirmation by a competent regulatory authority, in the
12 qualified jurisdiction, that insurers and insurance groups that
13 are domiciled or maintain their headquarters in this
14 Commonwealth or another jurisdiction accredited by the National
15 Association of Insurance Commissioners shall be subject only to
16 worldwide prudential insurance group supervision including
17 worldwide group governance, solvency and capital and reporting,
18 as applicable, by the commissioner or the commissioner of the
19 domiciliary state and will not be subject to group supervision
20 at the level of worldwide parent undertaking of the insurance or
21 reinsurance group by the qualified jurisdiction.

22 (iv) Provides written confirmation by a competent regulatory
23 authority in the qualified jurisdiction that information
24 regarding insurers and their parent, subsidiary or affiliated
25 entities, if applicable, shall be provided to the commissioner
26 in accordance with a memorandum of understanding or similar
27 document between the commissioner and such qualified
28 jurisdiction, including, but not limited to, the international
29 association of insurance supervisors multilateral memorandum of
30 understanding or multilateral memoranda of understanding
31 coordinated by the National Association of Insurance
32 Commissioners.

33 Section 1.2. Sections 1701, 1702, 1703, 1704(a), 1705(a),
34 1706 and 1707 of the act are amended to read:

35 Amend Bill, page 6, by inserting between lines 22 and 23

36 "Premium or income tax." The tax imposed under Article IV or
37 IX of the act of March 4, 1971 (P.L.6, No.2), known as the Tax
38 Reform Code of 1971.

39 Amend Bill, page 11, line 26, by striking out "(1)" and
40 inserting

41 (a)

42 Amend Bill, page 11, line 28, by striking out "(2)" and
43 inserting

44 (b)

45 Amend Bill, page 36, line 19, by striking out "liquidation,"

1 Amend Bill, page 36, line 21, by striking out the period
2 after "liquidation" and inserting a semicolon

3 Amend Bill, page 50, line 16, by striking out the comma after
4 "companies]"

5 Amend Bill, page 61, lines 18 through 27, by striking out all
6 of said lines and inserting

7 (1) The amendment or addition of sections 1701, 1702,
8 1703, 1704(a), 1705(a), 1706, 1707, 1708(c) introductory
9 paragraph, (8) and (9) and (d), 1709, 1710, 1711, 1712, 1713,
10 1715, 1716, 1717 and 1718 of the act shall apply with respect
11 to a member insurer:

12 (i) that on or after the effective date of this
13 section is placed under an order of liquidation by a
14 court of competent jurisdiction with a finding of
15 insolvency; or

16 (ii) for which the association elects to exercise
17 its power and duties under section 1706(a) on or after
18 the effective date of this section.

19 (2) All matters relating to the insolvency or impairment
20 of any member insurer placed under an order of liquidation by
21 a court of competent jurisdiction with a finding of
22 insolvency before the effective date of this section, or for
23 which the association otherwise exercises its powers and
24 duties under section 1706(a) or (b) before the effective date
25 of this section, including past, present and future
26 assessments and credits, shall be governed by the provisions
27 of Article XVII in effect before the effective date of this
28 section.