



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 1464

PRINTERS NO. 2238

PRIME SPONSOR: D. White

COST / (SAVINGS)

FUND	FY 2011/12	FY 2012/13
General Fund	\$0	\$0

SUMMARY: Senate Bill 1464 amends the Insurance Company Law of 1921 concerning insurance holding companies and reinsurance credits. Effective dates vary by provision.

ANALYSIS: This legislation amends section 319.1 of the Insurance Company Law of 1921, relating to reinsurance credits, to relax Pennsylvania's collateral requirements for reinsurers that are financially solvent and licensed. In order for U.S. ceding companies to receive reinsurance credit, the reinsurance must either be ceded to U.S. licensed reinsurers or be secured by collateral representing 100% of U.S. liabilities for which the credit is recorded for international reinsurers.

This bill enables the Insurance Commissioner to "certify" a reinsurer in a manner similar to which reinsurers have been "qualified" under existing law; meaning, the certified reinsurer will be eligible for reduced collateral requirements such that it is financially solvent and its domiciliary jurisdiction is one that is well regulated.

Senate Bill 1464 also provides the PA Insurance Department with several additional regulatory tools to enhance the regulation of international insurance groups. These include enhancing communication between regulators, establishing supervisory colleges, facilitating group-wide supervision of multi-jurisdictional insurance groups, accessing and collecting information, and providing enforcement measures.

FISCAL IMPACT: Enactment of this legislation will have no adverse impact on Commonwealth funds. Any additional expenses that the Insurance Department may incur as a result of this bill will be charged to and paid by the regulated entity.

PREPARED BY: Jeff Miller
House Appropriations Committee (R)

DATE: June 20, 2012

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.