

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1481

PRINTER'S NO. 2160

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

June 4, 2013

PRIME SPONSOR

Representative Micozzie

HISTORY OF BILL

Referred to INSURANCE, June 4, 2013
Reported as committed, June 5, 2013
First consideration, June 5, 2013
Re-committed to RULES, June 5, 2013
Re-reported as committed, June 17, 2013
Second consideration, with amendments, June 17, 2013
Re-committed to APPROPRIATIONS, June 17, 2013
(Remarks see House Journal Page), June 17, 2013
Re-reported as committed, June 18, 2013
Third consideration and final passage, June 18, 2013 (197-0)
In the Senate
Referred to BANKING AND INSURANCE, June 20, 2013
Reported as amended, June 26, 2013
First consideration, June 26, 2013
Second consideration, June 27, 2013
Re-referred to APPROPRIATIONS, June 28, 2013
Re-reported as committed, Oct. 1, 2013

DESCRIPTION AND PURPOSE OF BILL

House Bill 1481 amends the Insurance Company Law by adding a new Article concerning risk management and own risk solvency assessments.

This legislation requires an insurer or an insurance group doing business in Pennsylvania to maintain a risk management framework (RMF), a planning method used by such entities in their business continuity plans. One element of an RMF is an own risk and solvency assessment (ORSA), which is an insurer's self-assessment of its risks and the adequacy of capital resources to support those risks. Under this legislation an insurer or insurance group doing business in Pennsylvania would be required to submit an ORSA summary report to the PA Insurance Department (Department) once per calendar year.

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The Department must review the ORSA summary report and make additional requests for information using procedures similar to current procedures for coordinating analysis and examination of multistate or global insurers and insurance groups. The department may retain, at the insurer's expense, third-party consultants, including attorneys, actuaries, accountants and other experts not otherwise a part of the department's staff as may be reasonably necessary to assist the department in reviewing the risk management framework, ORSA, ORSA summary report or the insurer's compliance with this legislation. These consultants would be under the direction and control of the department, and act in a purely advisory capacity.

This bill also establishes strict confidentiality requirements for the Department and any consultants it retains, and subjects an insurer to a fine of \$200 per day for failure to file a report, up to a maximum of \$25,000 in any one calendar year.

In addition, the bill adds section 354.7 providing for online filing and posting of policies and endorsements.

Section 354.7 of this act shall take effect in 90 days; and the remainder shall take effect July 1, 2015.

FISCAL IMPACT:

House Bill 1481 will have no adverse impact on Commonwealth funds. If the Insurance Department needs additional expertise beyond its own staff to review any filings under this new article, the costs of these consultants will be paid by the insurer.