

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE
BUDGET HEARING

STATE CAPITOL
HARRISBURG, PA
MAIN CAPITOL BUILDING
140 MAJORITY CAUCUS ROOM

THURSDAY, MARCH 5, 2020

PENNSYLVANIA PROFESSIONAL LIABILITY
JOINT UNDERWRITING ASSOCIATION

BEFORE:

HONORABLE STANLEY SAYLOR, MAJORITY CHAIRMAN
HONORABLE MATT BRADFORD, MINORITY CHAIRMAN
HONORABLE LYNDA SCHLEGEL-CULVER
HONORABLE SHERYL M. DELOZIER
HONORABLE GEORGE DUNBAR
HONORABLE JONATHAN FRITZ
HONORABLE MATT GABLER
HONORABLE KEITH J. GREINER
HONORABLE MARCIA M. HAHN
HONORABLE DOYLE HEFFLEY
HONORABLE LEE JAMES
HONORABLE JOHN LAWRENCE
HONORABLE JASON ORTITAY
HONORABLE CLINT OWLETT
HONORABLE GREG ROTHMAN
HONORABLE JAMES STRUZZI
HONORABLE JESSE TOPPER
HONORABLE JEFF WHEELAND
HONORABLE RYAN WARNER
HONORABLE MARTINA WHITE
HONORABLE DONNA BULLOCK
HONORABLE MORGAN CEPHAS
HONORABLE MARIA DONATUCCI
HONORABLE ELIZABETH FIEDLER
HONORABLE MARTY FLYNN

*Pennsylvania House of Representatives
Commonwealth of Pennsylvania*

1 (Continued)

2 HONORABLE EDWARD GAINY
3 HONORABLE PATTY KIM
4 HONORABLE STEPHEN KINSEY
5 HONORABLE LEANNE KRUEGER
6 HONORABLE STEPHEN MCCARTER
7 HONORABLE BENJAMIN SANCHEZ

8 COMMITTEE STAFF PRESENT:

9 DAVID DONLEY
10 MAJORITY EXECUTIVE DIRECTOR
11 RITCHIE LAFEVER
12 MAJORITY DEPUTY EXECUTIVE DIRECTOR
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14 ANN BALOGA
15 MINORITY EXECUTIVE DIRECTOR
16 TARA TREES
17 CHIEF COUNSEL
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I N D E X

TESTIFIERS

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NAME	PAGE
SUSAN SERSHA, PRESIDENT, PA PROFESSIONAL LIABILITY JOINT UNDERWRITING ASSOCIATION.....	5
Martin Trichtinger, M.D., Chairman of the Board.....	
Kevin McKeon, Hawke, McKeon & Sniscak, LLP.....	

SUBMITTED WRITTEN TESTIMONY

* * *

(See submitted written testimony and handouts
online.)

P R O C E E D I N G S

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3 MAJORITY CHAIRMAN SAYLOR: I call the
4 Appropriations Committee to order, and I would
5 ask the testifiers to rise and raise your right
6 hand.

7 (Whereupon, testifiers sworn en masse.)

8 MAJORITY CHAIRMAN SAYLOR: Thank you.

9 Before the Committee today is the
10 Pennsylvania Professional Liability Joint
11 Underwriting Association, or better known by most
12 of us as JUA. We welcome Susan Sersha, President
13 and CEO, and Dr. Martin Trichtinger, am I
14 correct?

15 DR. TRICHTINGER: Close enough.

16 MAJORITY CHAIRMAN SAYLOR: Yes. And
17 Kevin McKeon.

18 The budget hearing is being conducted in
19 accordance with Act 15 of 2019, which amends the
20 Commonwealth Administrative Code. We're here
21 today to learn about the JUA's fiscal status and
22 operations. We are not here to talk about past
23 and pending litigation between the JUA and the
24 Commonwealth. We have a short amount of time
25 blocked for this hearing, so I would like to

1 start immediately with our first question.

2 Can you please briefly describe for the
3 Committee the current fiscal status of the JUA
4 and specifically provide the amount of the JUA's
5 restricted and unrestricted surplus amounts?

6 PRESIDENT SERSHA: You want the exact
7 amount, or are we just --

8 MAJORITY CHAIRMAN SAYLOR: If you would
9 move the microphone a lot closer --

10 PRESIDENT SERSHA: Oh, okay.

11 MAJORITY CHAIRMAN SAYLOR: So the
12 stenographer can hear you.

13 PRESIDENT SERSHA: Okay. Yes. We just
14 filed our annual statement with the Insurance
15 Department and the total amount of surplus is
16 \$298,276.

17 MAJORITY CHAIRMAN SAYLOR: Is that
18 millions? How much is it?

19 PRESIDENT SERSHA: Million, I'm sorry.
20 \$298,276,876.

21 MAJORITY CHAIRMAN SAYLOR: Is that
22 restricted or unrestricted?

23 PRESIDENT SERSHA: Three million of that
24 is restricted.

25 MAJORITY CHAIRMAN SAYLOR: Three million

1 of that is restricted. What, do you feel, is the
2 appropriate level of the surplus that you feel
3 you should maintain at the JUA?

4 PRESIDENT SERSHA: We -- last year, we
5 did send a letter to the Insurance Commissioner
6 saying that we had \$50 million of safely
7 distributable assets. And essentially what that
8 means is that even -- except in the most extreme
9 situations, we don't think that we would have to
10 tap into that amount of the surplus.

11 MAJORITY CHAIRMAN SAYLOR: Okay.

12 PRESIDENT SERSHA: It's not to say that
13 it could never happen. You know, you can only do
14 it to like a 98 percent certainty. I mean, with
15 things like this coronavirus and stuff, you know,
16 who knows, but that's our best estimate at this
17 point.

18 MAJORITY CHAIRMAN SAYLOR: Very good.
19 I'll turn it over to Representative Bradford.

20 MINORITY CHAIRMAN BRADFORD: Thank you,
21 Chairman Saylor.

22 Act 15 of 2019, as you know, placed
23 certain requirements on the JUA. I'd like to ask
24 you about the compliance in regard to some of
25 those matters. The act specifically required JUA

1 to provide written budget estimates to the
2 Secretary of Budget. I'm just wondering if those
3 estimates were provided.

4 PRESIDENT SERSHA: No.

5 MINORITY CHAIRMAN BRADFORD: Another
6 question under those requirements that are
7 provided in Act 15 of 2019. The Act requires the
8 JUA Board to hold quarterly public meetings
9 subject to the Board's Sunshine Act to discuss
10 the JUA's actuarial and fiscal status.

11 Are you aware if those meetings occurred?

12 PRESIDENT SERSHA: Yes, they did.

13 MINORITY CHAIRMAN BRADFORD: They did.
14 Can you give me dates?

15 PRESIDENT SERSHA: Let's see, it was
16 October 30th was the last one -- oh, February
17 6th.

18 MINORITY CHAIRMAN BRADFORD: Okay.

19 PRESIDENT SERSHA: So the October 30th
20 one, there are minutes available, the February
21 6th one just occurred.

22 MINORITY CHAIRMAN BRADFORD: Okay. And
23 they were both noticed in accordance with the
24 Sunshine Act.

25 PRESIDENT SERSHA: Yes.

1 MINORITY CHAIRMAN BRADFORD: Great. The
2 Act also requires the JUA to transmit to the
3 Auditor General, State Treasurer, the Secretary
4 of Budget, and the Legislative Data Processing
5 Center a list of all of its employees.

6 Has this information been provided to
7 date?

8 PRESIDENT SERSHA: No.

9 MINORITY CHAIRMAN BRADFORD: How many
10 employees does the JUA currently have?

11 PRESIDENT SERSHA: Four, including
12 myself. And I have one part-time person that has
13 been coming in to fill in because of an illness
14 of another employee.

15 MINORITY CHAIRMAN BRADFORD: Great.

16 PRESIDENT SERSHA: And also to help out
17 with a current -- with a recent huge workload.

18 MINORITY CHAIRMAN BRADFORD: With that, I
19 have no further questions.

20 Thank you so much for your time.

21 MAJORITY CHAIRMAN SAYLOR: Madam, you had
22 said no to two questions that Representative
23 Bradford, Chairman Bradford, had asked you, can
24 you tell us why those documents haven't been
25 filed?

1 PRESIDENT SERSHA: I believe some of
2 these things require some action on the executive
3 -- we weren't asked for some of this stuff. I
4 believe, like, on the budgets -- I can't remember
5 what the dates are, but at a certain point, we're
6 supposed to receive something that says the
7 format that things are supposed to be submitted
8 in and that type of thing. And quite frankly,
9 there's some technical details about how -- what
10 information we would include that we aren't clear
11 on.

12 But we thought that if we got that, if we
13 had received that format, at least that would
14 tell us, but we didn't get anything. And as you
15 know, we're in litigation on that issue.

16 MAJORITY CHAIRMAN SAYLOR: Are you
17 working with the Secretary of Budget to get that
18 information clarified as to exactly what --

19 PRESIDENT SERSHA: No.

20 MAJORITY CHAIRMAN SAYLOR: -- you're
21 presenting.

22 PRESIDENT SERSHA: No.

23 MAJORITY CHAIRMAN SAYLOR: No.

24 PRESIDENT SERSHA: It's under litigation,
25 as you are aware.

1 MAJORITY CHAIRMAN SAYLOR: Okay. Thank
2 you.

3 At that point, we will reconvene here at
4 10:30 for the Secretary of the Budget.

5 Thank you for coming in today.

6 PRESIDENT SERSHA: Okay.

7 (Whereupon, the hearing concluded.)

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C E R T I F I C A T E

I hereby certify that the proceedings are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

Tracy L. Markle

Tracy L. Markle, Court Reporter

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