
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1107 Session of
1979

INTRODUCED BY VROON, YOHN, GRUPPO, E. R. LYNCH, F. TAYLOR,
MACKOWSKI AND E. H. SMITH, APRIL 30, 1979

REFERRED TO COMMITTEE ON INSURANCE, APRIL 30, 1979

AN ACT

1 Amending the act of November 25, 1970 (P.L.716, No.232),
2 entitled "An act relating to establishment of The
3 Pennsylvania Insurance Guaranty Association to provide a
4 means by the assessment of certain insurers subsequent to the
5 insolvency of certain insurers for the payment of covered
6 claims under certain property and casualty insurance
7 policies; providing for the avoidance of excessive delay in
8 the payment of such claims, and the avoidance of financial
9 loss to claimants or policyholders as a result of the
10 insolvency of an insurer; assisting in the detection and
11 prevention of insurer insolvencies; providing for the
12 formulation and administration by The Pennsylvania Insurance
13 Guaranty Association of a plan of operation; and conferring
14 powers and imposing duties upon the Insurance Commissioner,
15 The Pennsylvania Insurance Guaranty Association and upon
16 certain insurers," amending certain definitions and changing
17 the number of members on the board.

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

20 Section 1. Clauses (5) and (6) of section 103, act of
21 November 25, 1970 (P.L.716, No.232), known as "The Pennsylvania
22 Insurance Guaranty Association Act," are amended to read:

23 Section 103. Definitions.--As used in this act, unless the
24 context otherwise requires:

25 * * *

1 (5) (a) "Covered claim" means an unpaid claim, including a
2 claim for unearned premiums, which arises under a property and
3 casualty insurance policy of an insolvent insurer and is:

4 (i) The claim of a person who at the time of the insured
5 event resulting in loss or liability was a resident of this
6 Commonwealth, or

7 (ii) A claim arising from an insured event resulting in loss
8 or liability to property which was permanently situated in this
9 Commonwealth.

10 (b) A covered claim shall not include any amount due any
11 insurer, reinsurer, insurance pool, or underwriting association,
12 as a subrogation recovery or otherwise.

13 (c) A covered claim shall not include any amount in excess
14 of the applicable limits of the policy under which it arises.

15 (d) A covered claim shall not include any claim filed with
16 the association after the final date set by the court for the
17 filing of claims against the liquidator or receiver of an
18 insolvent insurer.

19 (6) "Insolvent insurer" means [an insurer determined to be
20 insolvent or in such condition that its further transaction of
21 business will be hazardous to its policyholders, or to its
22 creditors, or to the public by a court of competent jurisdiction
23 of the insurer's domiciliary state] a member insurer against
24 whom an order of liquidation with a finding of insolvency, has
25 been entered by a court of competent jurisdiction in the
26 company's state of domicile or in this Commonwealth subsequent
27 to the date upon which the plan of operation becomes effective
28 pursuant to subsection (c) of section 201 of this act and which
29 order of liquidation has not been stayed or been the subject of
30 a writ of supersedeas or other comparable order.

1 * * *

2 Section 2. Subsection (d) of section 201 of the act is
3 amended to read:

4 Section 201. The Pennsylvania Insurance Guaranty
5 Association.--* * *

6 (d) Board of Directors. (1) The association shall be
7 governed by a board of [seven] not less than seven nor more than
8 nine directors, serving terms as established in the plan of
9 operation. The members of the board shall be selected by the
10 member insurers subject to the approval of the commissioner.

11 (2) Any vacancy on the board shall be filled for the
12 remaining period of the term in the same manner as the initial
13 selections.

14 (3) If the member insurers fail to select the required
15 number of directors within thirty days after the effective date
16 of this act, or if a vacancy remains unfilled for more than
17 fifteen days, the commissioner may appoint the directors
18 necessary to constitute a full board.

19 (4) In approving selections for the board, the commissioner
20 shall consider among other things whether all member insurers
21 are fairly represented.

22 (5) Members of the board may be reimbursed from the assets
23 of the association for reasonable expenses incurred by them as
24 such members.

25 Section 3. This act shall take effect immediately.