

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1447 Session of
2000

INTRODUCED BY HOLL, COSTA, EARLL, HELFRICK, BOSCOLA, LEMMOND,
SLOCUM, MOWERY, HART AND THOMPSON, MAY 15, 2000

REFERRED TO BANKING AND INSURANCE, MAY 15, 2000

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An
2 act relating to insurance; amending, revising, and
3 consolidating the law providing for the incorporation of
4 insurance companies, and the regulation, supervision, and
5 protection of home and foreign insurance companies, Lloyds
6 associations, reciprocal and inter-insurance exchanges, and
7 fire insurance rating bureaus, and the regulation and
8 supervision of insurance carried by such companies,
9 associations, and exchanges, including insurance carried by
10 the State Workmen's Insurance Fund; providing penalties; and
11 repealing existing laws," further defining "insurer" and
12 "person" for purposes of insurance holding companies; and
13 further providing for standards and management of an insurer
14 within a holding company system.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. The definitions of "insurer" and "person" in
18 section 1401 of the act of May 17, 1921 (P.L.682, No.284), known
19 as The Insurance Company Law of 1921, amended February 17, 1994
20 (P.L.92, No.9), are amended to read:

21 Section 1401. Definitions.--As used in this article the
22 following words and phrases shall have the meanings given to
23 them in this section:

1 * * *

2 "Insurer." Any health maintenance organization, preferred
3 provider organization, company, association or exchange
4 authorized by the Insurance Commissioner to transact the
5 business of insurance in this Commonwealth except that the term
6 shall not include:

7 (1) the Commonwealth or any agency or instrumentality
8 thereof;

9 (2) agencies, authorities or instrumentalities of the United
10 States, its possessions and territories, the Commonwealth of
11 Puerto Rico, the District of Columbia or a state or political
12 subdivision;

13 (3) fraternal benefit societies; or

14 (4) nonprofit medical and hospital service associations.

15 [The term shall include health maintenance organizations as
16 defined in the act of December 29, 1972 (P.L.1701, No.364),
17 known as the "Health Maintenance Organization Act."]

18 * * *

19 "Person." An individual, a corporation, a partnership, a
20 limited liability company, an association, a joint stock
21 company, a trust, an unincorporated organization, any similar
22 entity or any combination of the foregoing acting in concert.
23 The term shall not include any joint venture partnership
24 exclusively engaged in owning, managing, leasing or developing
25 real or tangible personal property.

26 * * *

27 Section 2. Section 1405(a)(2)(i) of the act, amended
28 February 17, 1994 (P.L.92, No.9), is amended to read:

29 Section 1405. Standards and Management of an Insurer within
30 a Holding Company System.--(a) * * *

1 (2) The following transactions involving a domestic insurer
2 and any person in its holding company system may not be entered
3 into unless the insurer has notified the department in writing
4 of its intention to enter into such transaction at least thirty
5 (30) days prior thereto or such shorter period as the department
6 may permit and the department has not disapproved it within such
7 period:

8 (i) Sales, purchases, exchanges, loans or extensions of
9 credit, guarantees [or], investments, [including] pledges of
10 assets or assets to be received by the domestic insurer as
11 contributions to its surplus, provided that, as of the thirty-
12 first day of December next preceding, such transactions are
13 equal to or exceed the lesser of five per centum (5%) of the
14 insurer's admitted assets or twenty-five per centum (25%) of
15 surplus as regards policyholders.

16 * * *

17 Section 3. This act shall take effect in 60 days.