

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 966 Session of
2007

INTRODUCED BY R. TAYLOR, BEAR, BLACKWELL, CARROLL, CONKLIN,
DePASQUALE, FREEMAN, GINGRICH, GOODMAN, HUTCHINSON, JOSEPHS,
KORTZ, KOTIK, MACKERETH, MAHONEY, MANDERINO, MUNDY, NICKOL,
M. O'BRIEN, PRESTON, READSHAW, YOUNGBLOOD, BARRAR, HORNAMAN,
CALTAGIRONE AND SIPTROTH, MARCH 29, 2007

SENATOR D. WHITE, BANKING AND INSURANCE, IN SENATE, AS AMENDED,
JUNE 28, 2007

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," ~~providing for scope of article, for~~ <—
12 ~~the definition of "long term care insurance," for the Long-~~
13 ~~Term Care Partnership Program, for authority to promulgate~~
14 ~~regulations, for marketing and advertising prohibited and for~~
15 ~~penalties; and further providing for coverage and~~
16 ~~limitations.~~ FURTHER PROVIDING FOR EFFECT OF ACT ON EXISTING <—
17 LAWS; PROVIDING FOR THE DEFINITION OF "LONG-TERM CARE
18 INSURANCE"; IN INSURANCE HOLDING COMPANIES, FURTHER PROVIDING
19 FOR DEFINITIONS, FOR ACQUISITION OF CONTROL OF OR MERGER WITH
20 DOMESTIC INSURER AND FOR ACQUISITIONS INVOLVING INSURERS NOT
21 OTHERWISE COVERED; ESTABLISHING THE INSURANCE RESTRUCTURING
22 PUBLIC INTEREST REVIEW BOARD; PROVIDING FOR ITS POWERS AND
23 DUTIES; ESTABLISHING AN ACCOUNT; FURTHER PROVIDING FOR
24 COVERAGE AND LIMITATIONS; PROVIDING FOR HEALTH CARE
25 REPORTING; AND MAKING AN INCONSISTENT REPEAL.

26 The General Assembly of the Commonwealth of Pennsylvania
27 hereby enacts as follows:

1 ~~Section 1. Section 1102 of the act of May 17, 1921 (P.L.682, <—~~
2 ~~No.284), known as The Insurance Company Law of 1921, added~~
3 ~~December 15, 1992 (P.L.1129, No.148), is amended to read:~~

4 ~~Section 1102. Scope of Article. This article is not~~
5 ~~intended to supersede the obligations of entities subject to~~
6 ~~this article to comply with the substance of other applicable~~
7 ~~insurance laws insofar as they do not conflict with this~~
8 ~~article, except that laws and regulations designed and intended~~
9 ~~to apply to Medicare supplement insurance policies shall not be~~
10 ~~applied to long term care insurance. A policy which is not~~
11 ~~advertised, marketed or offered as long term care insurance [or~~
12 ~~nursing home insurance] need not meet the requirements of this~~
13 ~~article.~~

14 SECTION 1. SECTION 108 OF THE ACT OF MAY 17, 1921 (P.L.682, <—
15 NO.284), KNOWN AS THE INSURANCE COMPANY LAW OF 1921, IS AMENDED
16 TO READ:

17 SECTION 108. EFFECT OF ACT ON EXISTING LAWS.--THE PROVISIONS
18 OF THIS ACT, SO FAR AS THEY ARE THE SAME AS THOSE OF EXISTING
19 LAWS, SHALL BE CONSTRUED AS A CONTINUATION OF SUCH LAWS AND NOT
20 AS NEW ENACTMENTS. THE REPEAL BY THIS ACT OF ANY PROVISION OF
21 LAW SHALL NOT REVIVE ANY LAW HERETOFORE REPEALED OR SUPERSEDED,
22 NOR SHALL SUCH REPEAL AFFECT ANY ACT DONE, LIABILITY INCURRED,
23 OR ANY RIGHT ACCRUED OR VESTED, OR ANY SUIT OR PROSECUTION
24 PENDING OR TO BE INSTITUTED TO ENFORCE ANY RIGHT OR PENALTY OR
25 PUNISH ANY OFFENSE UNDER THE AUTHORITY OF THE REPEALED LAWS. THE
26 PROVISIONS OF THIS ACT SHALL NOT LIMIT THE JURISDICTION AND
27 AUTHORITY OF THE OFFICE OF ATTORNEY GENERAL, INCLUDING, BUT NOT
28 LIMITED TO, THE JURISDICTION AND AUTHORITY GRANTED PURSUANT TO
29 THE ACT OF OCTOBER 15, 1980 (P.L.950, NO.164), KNOWN AS THE
30 "COMMONWEALTH ATTORNEYS ACT."

1 Section 2. The definition of "long-term care insurance" in
2 section 1103 of the act, amended November 30, 2004 (P.L.1690,
3 No.216), is amended to read:

4 Section 1103. Definitions.--As used in this article, the
5 following words and phrases shall have the meanings given to
6 them in this section:

7 * * *

8 "Long-term care insurance." Any insurance policy or rider
9 advertised, marketed, offered or designed to provide
10 comprehensive coverage for each covered person on an expense-
11 incurred, indemnity, prepaid or other basis for functionally
12 necessary or medically necessary diagnostic, preventive,
13 therapeutic, rehabilitative, maintenance or personal care
14 services provided in a setting other than an acute care unit of
15 a hospital. The term includes a policy, rider or prepaid home
16 health or personal care service policy which provides for
17 payment of benefits based upon cognitive impairment or the loss
18 of functional capacity. The term includes group and individual
19 policies or riders issued by insurers, fraternal benefit
20 societies, nonprofit health, hospital and medical service
21 corporations, health maintenance organizations or similar
22 organizations. The term does not include any insurance policy
23 which is offered primarily to provide basic Medicare supplement
24 coverage, basic hospital expense coverage, basic medical-
25 surgical expense coverage, hospital confinement indemnity
26 coverage, major medical expense coverage, disability income
27 protection coverage, accident-only coverage, specified disease
28 or specified accident coverage or limited benefit health
29 coverage.

30 * * *

1 ~~Section 3. The act is amended by adding a section to read:~~

2 ~~Section 1110.1. Long Term Care Partnership Program. (a)~~

3 ~~The Department of Public Welfare, with the cooperation of the~~
4 ~~department and the Department of Aging, shall seek to establish~~
5 ~~a Long Term Care Partnership Program by filing a State plan~~
6 ~~amendment within thirty (30) days of the effective date of this~~
7 ~~section with the Centers for Medicare and Medicaid Services of~~
8 ~~the United States Department of Health and Human Services~~
9 ~~pursuant to Title XIX of the Social Security Act (49 Stat. 620,~~
10 ~~42 U.S.C. § 301 et seq.).~~

11 ~~(b) The department shall require all insurers offering a~~
12 ~~qualified Long Term Care Partnership Program policy to exchange~~
13 ~~any policy or certificate issued between February 8, 2006, and~~
14 ~~the date the State plan amendment takes effect, with a qualified~~
15 ~~Long Term Care Partnership Program policy. The following shall~~
16 ~~apply:~~

17 ~~(1) All offers of exchange shall be subject to the outline~~
18 ~~of coverage provisions set forth under section 1111 and all~~
19 ~~applicable regulations.~~

20 ~~(2) Policies exchanged under this provision, if there is no~~
21 ~~change in coverage material to the risk, shall not be subject to~~
22 ~~any medical underwriting or approval process.~~

23 ~~(3) Any portion of the policy that was issued prior to the~~
24 ~~exchange date shall be priced based on the policyholder's age~~
25 ~~when the policy was originally issued.~~

26 ~~(4) Any portion of the policy that is added as a result of~~
27 ~~the exchange may be priced based on the policyholder's age at~~
28 ~~the time of the exchange.~~

29 ~~(5) Any addition to a policy as a result of any exchange~~
30 ~~shall be subject to the right to return set forth under section~~

1 ~~1110 and all applicable regulations.~~

2 Section 4. ~~Sections 1112, 1113 and 1114 of the act, added~~
3 ~~December 15, 1992 (P.L.1129, No.148), are amended to read:~~

4 Section 1112. ~~Authority to Promulgate Regulations. The~~
5 ~~department shall promulgate reasonable regulations to establish~~
6 ~~minimum standards for marketing practices, [agent] producer~~
7 ~~compensation arrangements, [agent] producer testing, penalties~~
8 ~~and reporting practices for long term care insurance.~~

9 Section 1113. ~~Marketing and Advertising Prohibited. No~~
10 ~~policy may be advertised, marketed or offered as long term care~~
11 ~~[for nursing home] insurance unless it complies with the~~
12 ~~provisions of this article.~~

13 Section 1114. ~~Penalties. In addition to any other penalties~~
14 ~~provided by the laws of this Commonwealth, an insurer or [agent]~~
15 ~~producer found to have violated requirements relating to the~~
16 ~~regulations of long term care insurance or the marketing of such~~
17 ~~insurance shall be subject to a civil penalty of up to three~~
18 ~~times the amount of any commissions paid for each policy~~
19 ~~involved in the violation or ten thousand dollars (\$10,000),~~
20 ~~whichever is greater.~~

21 SECTION 3. THE DEFINITIONS OF "INSURER" AND "PERSON" IN
22 SECTION 1401 OF THE ACT, AMENDED DECEMBER 20, 2000 (P.L.967,
23 NO.132), ARE AMENDED AND THE SECTION IS AMENDED BY ADDING A
24 DEFINITION TO READ:

25 SECTION 1401. DEFINITIONS.--AS USED IN THIS ARTICLE, AND FOR
26 THE PURPOSES OF THIS ARTICLE ONLY, THE FOLLOWING WORDS AND
27 PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION:

28 * * *

29 "INSURER." ANY HEALTH MAINTENANCE ORGANIZATION, PREFERRED
30 PROVIDER ORGANIZATION, COMPANY, ASSOCIATION [OR], EXCHANGE,

1 HOSPITAL PLAN CORPORATION SUBJECT TO 40 PA.C.S. CH. 61 (RELATING
2 TO HOSPITAL PLAN CORPORATIONS) OR PROFESSIONAL HEALTH SERVICES
3 PLAN CORPORATION SUBJECT TO 40 PA.C.S. CH. 63 (RELATING TO
4 PROFESSIONAL HEALTH SERVICES PLAN CORPORATIONS), AUTHORIZED BY
5 THE INSURANCE COMMISSIONER TO TRANSACT THE BUSINESS OF INSURANCE
6 IN THIS COMMONWEALTH EXCEPT THAT THE TERM 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; OR

13 (3) FRATERNAL BENEFIT SOCIETIES[; OR

14 (4) NONPROFIT MEDICAL AND HOSPITAL SERVICE ASSOCIATIONS].

15 * * *

16 "PERSON." AN INDIVIDUAL, AN INSURER, A CORPORATION, A
17 PARTNERSHIP, A LIMITED LIABILITY COMPANY, AN ASSOCIATION, A
18 JOINT STOCK COMPANY, A TRUST, AN UNINCORPORATED ORGANIZATION,
19 ANY SIMILAR ENTITY OR ANY COMBINATION OF THE FOREGOING ACTING IN
20 CONCERT. THE TERM SHALL NOT INCLUDE ANY JOINT VENTURE
21 PARTNERSHIP EXCLUSIVELY ENGAGED IN OWNING, MANAGING, LEASING OR
22 DEVELOPING REAL OR TANGIBLE PERSONAL PROPERTY.

23 * * *

24 "SHAREHOLDER." A RECORD HOLDER OR RECORD OWNER OF SHARES OF
25 AN INSURER.

26 (1) THE TERM SHALL INCLUDE ALL OF THE FOLLOWING:

27 (I) A MEMBER OF AN INSURER THAT IS A DOMESTIC
28 NONSTOCK CORPORATION UNDER 15 PA.C.S. CH. 21 (RELATING TO
29 NONSTOCK CORPORATIONS) OR A PRIOR STATUTE.

30 (II) A MEMBER, AS DEFINED IN 15 PA.C.S. § 5103

1 (RELATING TO DEFINITIONS), OF AN INSURER THAT IS A
2 DOMESTIC NONPROFIT CORPORATION UNDER 15 PA.C.S. CH. 51
3 (RELATING TO GENERAL PROVISIONS) OR A PRIOR STATUTE.

4 (III) A SUBSCRIBER OF AN INSURER THAT IS A DOMESTIC
5 RECIPROCAL EXCHANGE UNDER ARTICLE X OR A PRIOR STATUTE.

6 (2) THE TERM SHALL NOT INCLUDE ANY SUBSCRIBER, INSURED
7 OR CUSTOMER OF:

8 (I) A HOSPITAL PLAN CORPORATION SUBJECT TO 40
9 PA.C.S. CH. 61 (RELATING TO HOSPITAL PLAN CORPORATIONS);
10 OR

11 (II) A PROFESSIONAL HEALTH SERVICE PLAN CORPORATION
12 SUBJECT TO 40 PA.C.S. CH. 63 (RELATING TO PROFESSIONAL
13 HEALTH SERVICES PLAN CORPORATIONS).

14 * * *

15 SECTION 4. SECTION 1402 OF THE ACT, AMENDED OR ADDED
16 DECEMBER 18, 1992 (P.L.1519, NO.178) AND DECEMBER 21, 1998
17 (P.L.1108, NO.150), IS AMENDED TO READ:

18 SECTION 1402. ACQUISITION OF CONTROL OF OR MERGER OR
19 CONSOLIDATION WITH DOMESTIC INSURER.--(A) (1) NO PERSON OTHER
20 THAN THE ISSUER SHALL MAKE A TENDER OFFER FOR OR A REQUEST OR
21 INVITATION FOR TENDERS OF, OR ENTER INTO ANY AGREEMENT TO
22 EXCHANGE SECURITIES OR SEEK TO ACQUIRE OR ACQUIRE IN THE OPEN
23 MARKET OR OTHERWISE, ANY VOTING SECURITY OF A DOMESTIC INSURER
24 IF, AFTER THE CONSUMMATION THEREOF, SUCH PERSON WOULD DIRECTLY
25 OR INDIRECTLY OR BY CONVERSION OR BY EXERCISE OF ANY RIGHT TO
26 ACQUIRE, BE IN CONTROL OF SUCH INSURER, AND NO PERSON SHALL
27 ENTER INTO AN AGREEMENT TO MERGE OR CONSOLIDATE WITH OR
28 OTHERWISE TO ACQUIRE CONTROL OF A DOMESTIC INSURER OR ANY PERSON
29 CONTROLLING A DOMESTIC INSURER UNLESS, AT THE TIME ANY SUCH
30 OFFER, REQUEST OR INVITATION IS MADE OR ANY SUCH AGREEMENT IS

1 ENTERED INTO OR PRIOR TO THE ACQUISITION OF SUCH SECURITIES IF
2 NO OFFER OR AGREEMENT IS INVOLVED, SUCH PERSON HAS FILED WITH
3 THE DEPARTMENT AND HAS SENT TO SUCH INSURER A STATEMENT
4 CONTAINING THE INFORMATION REQUIRED BY THIS SECTION AND SUCH
5 OFFER, REQUEST, INVITATION, AGREEMENT OR ACQUISITION HAS BEEN
6 APPROVED BY THE DEPARTMENT IN THE MANNER HEREINAFTER PRESCRIBED.

7 (2) FOR PURPOSES OF THIS SECTION, A "DOMESTIC INSURER" SHALL
8 INCLUDE ANY PERSON CONTROLLING A DOMESTIC INSURER UNLESS SUCH
9 PERSON AS DETERMINED BY THE DEPARTMENT IS EITHER DIRECTLY OR
10 THROUGH ITS AFFILIATES PRIMARILY ENGAGED IN BUSINESS OTHER THAN
11 THE BUSINESS OF INSURANCE. SUCH PERSON SHALL, HOWEVER, FILE A
12 PREACQUISITION NOTIFICATION WITH THE DEPARTMENT CONTAINING THE
13 INFORMATION SET FORTH IN SECTION 1403(C)(2) THIRTY (30) DAYS
14 PRIOR TO THE PROPOSED EFFECTIVE DATE OF THE ACQUISITION. FAILURE
15 TO FILE IS SUBJECT TO SECTION 1403(E)(3). FOR PURPOSES OF THIS
16 SECTION, "PERSON" SHALL NOT INCLUDE ANY SECURITIES BROKER
17 HOLDING, IN THE USUAL AND CUSTOMARY MANNER, LESS THAN TWENTY PER
18 CENTUM (20%) OF THE VOTING SECURITIES OF AN INSURANCE COMPANY OR
19 OF ANY PERSON WHICH CONTROLS AN INSURANCE COMPANY.

20 (B) THE STATEMENT TO BE FILED WITH THE DEPARTMENT UNDER THIS
21 SECTION SHALL BE MADE UNDER OATH OR AFFIRMATION AND SHALL
22 CONTAIN THE FOLLOWING INFORMATION:

23 (1) THE NAME AND ADDRESS OF EACH PERSON BY WHOM OR ON WHOSE
24 BEHALF THE MERGER, CONSOLIDATION OR OTHER ACQUISITION OF CONTROL
25 REFERRED TO IN SUBSECTION (A) IS TO BE EFFECTED, HEREINAFTER
26 CALLED "ACQUIRING PARTY," AND

27 (I) IF SUCH PERSON IS AN INDIVIDUAL, HIS PRINCIPAL
28 OCCUPATION AND ALL OFFICES AND POSITIONS HELD DURING THE PAST
29 FIVE (5) YEARS, AND ANY CONVICTION OF CRIMES OTHER THAN MINOR
30 TRAFFIC VIOLATIONS DURING THE PAST TEN (10) YEARS; OR

1 (II) IF SUCH PERSON IS NOT AN INDIVIDUAL, A REPORT OF THE
2 NATURE OF ITS BUSINESS OPERATIONS DURING THE PAST FIVE (5) YEARS
3 OR FOR SUCH LESSER PERIOD AS THE PERSON AND ANY PREDECESSORS
4 THEREOF SHALL HAVE BEEN IN EXISTENCE; AN INFORMATIVE DESCRIPTION
5 OF THE BUSINESS INTENDED TO BE DONE BY THE PERSON AND THE
6 PERSON'S SUBSIDIARIES; AND A LIST OF ALL INDIVIDUALS WHO ARE OR
7 WHO HAVE BEEN SELECTED TO BECOME DIRECTORS OR EXECUTIVE OFFICERS
8 OF THE PERSON, OR WHO PERFORM OR WILL PERFORM FUNCTIONS
9 APPROPRIATE TO THOSE POSITIONS. THIS LIST SHALL INCLUDE FOR EACH
10 INDIVIDUAL THE INFORMATION REQUIRED BY SUBPARAGRAPH (I).

11 (2) THE SOURCE, NATURE AND AMOUNT OF THE CONSIDERATION USED
12 OR TO BE USED IN EFFECTING THE MERGER, CONSOLIDATION OR OTHER
13 ACQUISITION OF CONTROL, A DESCRIPTION OF ANY TRANSACTION WHEREIN
14 FUNDS WERE OR ARE TO BE OBTAINED FOR ANY SUCH PURPOSE, INCLUDING
15 ANY PLEDGE OF THE INSURER'S STOCK OR THE STOCK OF ANY OF ITS
16 SUBSIDIARIES OR CONTROLLING AFFILIATES, AND THE IDENTITY OF
17 PERSONS FURNISHING SUCH CONSIDERATION, PROVIDED, HOWEVER, THAT
18 WHERE A SOURCE OF SUCH CONSIDERATION IS A LOAN MADE IN THE
19 LENDER'S ORDINARY COURSE OF BUSINESS, THE IDENTITY OF THE LENDER
20 SHALL REMAIN CONFIDENTIAL IF THE PERSON FILING SUCH STATEMENT SO
21 REQUESTS.

22 (3) FULLY AUDITED FINANCIAL INFORMATION AS TO THE EARNINGS
23 AND FINANCIAL CONDITION OF EACH ACQUIRING PARTY FOR THE
24 PRECEDING FIVE (5) FISCAL YEARS OF EACH SUCH ACQUIRING PARTY, OR
25 FOR SUCH LESSER PERIOD AS SUCH ACQUIRING PARTY AND ANY
26 PREDECESSORS THEREOF SHALL HAVE BEEN IN EXISTENCE, AND SIMILAR
27 UNAUDITED INFORMATION AS OF A DATE NOT EARLIER THAN NINETY (90)
28 DAYS PRIOR TO THE FILING OF THE STATEMENT.

29 (4) ANY PLANS OR PROPOSALS WHICH EACH ACQUIRING PARTY MAY
30 HAVE TO LIQUIDATE SUCH INSURER, TO SELL ITS ASSETS OR MERGE OR

1 CONSOLIDATE IT WITH ANY PERSON OR TO MAKE ANY OTHER MATERIAL
2 CHANGE IN ITS BUSINESS OR CORPORATE STRUCTURE OR MANAGEMENT.

3 (5) THE NUMBER OF SHARES OF ANY SECURITY REFERRED TO IN
4 SUBSECTION (A) WHICH EACH ACQUIRING PARTY PROPOSES TO ACQUIRE,
5 AND THE TERMS OF THE OFFER, REQUEST, INVITATION, AGREEMENT OR
6 ACQUISITION REFERRED TO IN SUBSECTION (A), AND A STATEMENT AS TO
7 THE METHOD BY WHICH THE FAIRNESS OF THE PROPOSAL WAS ARRIVED.

8 (6) THE AMOUNT OF EACH CLASS OF ANY SECURITY REFERRED TO IN
9 SUBSECTION (A) WHICH IS BENEFICIALLY OWNED OR CONCERNING WHICH
10 THERE IS A RIGHT TO ACQUIRE BENEFICIAL OWNERSHIP BY EACH
11 ACQUIRING PARTY.

12 (7) A FULL DESCRIPTION OF ANY CONTRACTS, ARRANGEMENTS OR
13 UNDERSTANDINGS WITH RESPECT TO ANY SECURITY REFERRED TO IN
14 SUBSECTION (A) IN WHICH ANY ACQUIRING PARTY IS INVOLVED,
15 INCLUDING, BUT NOT LIMITED TO, TRANSFER OF ANY OF THE
16 SECURITIES, JOINT VENTURES, LOAN OR OPTION ARRANGEMENTS, PUTS OR
17 CALLS, GUARANTEES OF LOANS, GUARANTEES AGAINST LOSS OR
18 GUARANTEES OF PROFITS, DIVISION OF LOSSES OR PROFITS, OR THE
19 GIVING OR WITHHOLDING OF PROXIES. SUCH DESCRIPTION SHALL
20 IDENTIFY THE PERSONS WITH WHOM SUCH CONTRACTS, ARRANGEMENTS OR
21 UNDERSTANDINGS HAVE BEEN ENTERED INTO.

22 (8) A DESCRIPTION OF THE PURCHASE OF ANY SECURITY REFERRED
23 TO IN SUBSECTION (A) DURING THE TWELVE CALENDAR MONTHS PRECEDING
24 THE FILING OF THE STATEMENT, BY ANY ACQUIRING PARTY, INCLUDING
25 THE DATES OF PURCHASE, NAMES OF THE PURCHASERS AND CONSIDERATION
26 PAID OR AGREED TO BE PAID THEREFOR.

27 (9) A DESCRIPTION OF ANY RECOMMENDATIONS TO PURCHASE ANY
28 SECURITY REFERRED TO IN SUBSECTION (A) MADE DURING THE TWELVE
29 CALENDAR MONTHS PRECEDING THE FILING OF THE STATEMENT, BY ANY
30 ACQUIRING PARTY, OR BY ANYONE BASED UPON INTERVIEWS OR AT THE

1 SUGGESTION OF SUCH ACQUIRING PARTY.

2 (10) COPIES OF ALL TENDER OFFERS FOR, REQUESTS OR
3 INVITATIONS FOR TENDERS OF, EXCHANGE OFFERS FOR AND AGREEMENTS
4 TO ACQUIRE OR EXCHANGE ANY SECURITIES REFERRED TO IN SUBSECTION
5 (A) AND, IF DISTRIBUTED, OF ADDITIONAL SOLICITING MATERIAL
6 RELATING THERETO.

7 (11) THE TERM OF ANY AGREEMENT, CONTRACT OR UNDERSTANDING
8 MADE WITH OR PROPOSED TO BE MADE WITH ANY BROKER-DEALER AS TO
9 SOLICITATION OF SECURITIES REFERRED TO IN SUBSECTION (A) FOR
10 TENDER AND THE AMOUNT OF ANY FEES, COMMISSIONS OR OTHER
11 COMPENSATION TO BE PAID TO BROKER-DEALERS WITH REGARD THERETO.

12 (12) SUCH ADDITIONAL INFORMATION AS THE DEPARTMENT MAY BY
13 RULE OR REGULATION PRESCRIBE AS NECESSARY OR APPROPRIATE FOR THE
14 PROTECTION OF POLICYHOLDERS OF THE INSURER OR IN THE PUBLIC
15 INTEREST.

16 (C) IF THE PERSON REQUIRED TO FILE THE STATEMENT REFERRED TO
17 IN SUBSECTION (A) IS A PARTNERSHIP, LIMITED PARTNERSHIP,
18 SYNDICATE OR OTHER GROUP, THE DEPARTMENT MAY REQUIRE THAT THE
19 INFORMATION CALLED FOR BY SUBSECTION (B)(1) THROUGH (12) SHALL
20 BE GIVEN WITH RESPECT TO EACH PARTNER OF SUCH PARTNERSHIP OR
21 LIMITED PARTNERSHIP, EACH MEMBER OF SUCH SYNDICATE OR GROUP AND
22 EACH PERSON WHO CONTROLS SUCH PARTNER OR MEMBER. IF ANY SUCH
23 PARTNER, MEMBER OR PERSON IS A CORPORATION OR THE PERSON
24 REQUIRED TO FILE THE STATEMENT REFERRED TO IN SUBSECTION (A) IS
25 A CORPORATION, THE DEPARTMENT MAY REQUIRE THAT THE INFORMATION
26 CALLED FOR BY SUBSECTION (B)(1) THROUGH (12) SHALL BE GIVEN WITH
27 RESPECT TO SUCH CORPORATION, EACH OFFICER AND DIRECTOR OF SUCH
28 CORPORATION AND EACH PERSON WHO IS DIRECTLY OR INDIRECTLY THE
29 BENEFICIAL OWNER OF MORE THAN TEN PER CENTUM (10%) OF THE
30 OUTSTANDING VOTING SECURITIES OF SUCH CORPORATION.

1 (D) IF ANY MATERIAL CHANGE OCCURS IN THE FACTS SET FORTH IN
2 THE STATEMENT FILED WITH THE DEPARTMENT AND SENT TO SUCH INSURER
3 PURSUANT TO THIS SECTION, AN AMENDMENT SETTING FORTH SUCH
4 CHANGE, TOGETHER WITH COPIES OF ALL DOCUMENTS AND OTHER MATERIAL
5 RELEVANT TO SUCH CHANGE, SHALL BE FILED WITH THE DEPARTMENT AND
6 SENT TO SUCH INSURER WITHIN TWO (2) BUSINESS DAYS AFTER THE
7 PERSON LEARNS OF SUCH CHANGE.

8 (E) IF ANY OFFER, REQUEST, INVITATION, AGREEMENT OR
9 ACQUISITION REFERRED TO IN SUBSECTION (A) IS PROPOSED TO BE MADE
10 BY MEANS OF A REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF
11 1933 (48 STAT. 74, 15 U.S.C. § 77A ET SEQ.), OR IN CIRCUMSTANCES
12 REQUIRING THE DISCLOSURE OF SIMILAR INFORMATION UNDER THE
13 SECURITIES EXCHANGE ACT OF 1934 (48 STAT. 881, 15 U.S.C. § 78A
14 ET SEQ.), OR UNDER A STATE LAW REQUIRING SIMILAR REGISTRATION OR
15 DISCLOSURE, THE PERSON REQUIRED TO FILE THE STATEMENT REFERRED
16 TO IN SUBSECTION (A) MAY UTILIZE SUCH DOCUMENTS IN FURNISHING
17 THE INFORMATION CALLED FOR BY THAT STATEMENT.

18 (F) (1) THE DEPARTMENT SHALL APPROVE ANY MERGER,
19 CONSOLIDATION OR OTHER ACQUISITION OF CONTROL REFERRED TO IN
20 SUBSECTION (A) UNLESS IT FINDS ANY OF THE FOLLOWING:

21 (I) AFTER THE CHANGE OF CONTROL, THE DOMESTIC INSURER
22 REFERRED TO IN SUBSECTION (A) WOULD NOT BE ABLE TO SATISFY THE
23 REQUIREMENTS FOR THE ISSUANCE OF A LICENSE TO WRITE THE LINE OR
24 LINES OF INSURANCE FOR WHICH IT IS PRESENTLY LICENSED.

25 (II) THE EFFECT OF THE MERGER, CONSOLIDATION OR OTHER
26 ACQUISITION OF CONTROL WOULD BE TO SUBSTANTIALLY LESSEN
27 COMPETITION IN INSURANCE IN THIS COMMONWEALTH OR TEND TO CREATE
28 A MONOPOLY THEREIN. IN APPLYING THE COMPETITIVE STANDARD IN THIS
29 SUBPARAGRAPH:

30 (A) THE INFORMATIONAL REQUIREMENTS OF SECTION 1403(C)(2) AND

1 THE STANDARDS OF SECTION 1403(D)(2) SHALL APPLY;

2 (B) THE MERGER, CONSOLIDATION OR OTHER ACQUISITION SHALL NOT
3 BE DISAPPROVED IF THE DEPARTMENT FINDS THAT ANY OF THE
4 SITUATIONS MEETING THE CRITERIA PROVIDED BY SECTION 1403(D)(3)
5 EXIST; AND

6 (C) THE DEPARTMENT MAY CONDITION THE APPROVAL OF THE MERGER,
7 CONSOLIDATION OR OTHER ACQUISITION ON THE REMOVAL OF THE BASIS
8 OF DISAPPROVAL WITHIN A SPECIFIED PERIOD OF TIME.

9 (III) THE FINANCIAL CONDITION OF ANY ACQUIRING PARTY IS SUCH
10 AS MIGHT JEOPARDIZE THE FINANCIAL STABILITY OF THE INSURER OR
11 PREJUDICE THE INTEREST OF ITS POLICYHOLDERS.

12 (IV) THE PLANS OR PROPOSALS WHICH THE ACQUIRING PARTY HAS TO
13 LIQUIDATE THE INSURER, SELL ITS ASSETS OR CONSOLIDATE OR MERGE
14 IT WITH ANY PERSON, OR TO MAKE ANY OTHER MATERIAL CHANGE IN ITS
15 BUSINESS OR CORPORATE STRUCTURE OR MANAGEMENT, ARE UNFAIR AND
16 UNREASONABLE TO POLICYHOLDERS OF THE INSURER AND NOT IN THE
17 PUBLIC INTEREST.

18 (V) THE COMPETENCE, EXPERIENCE AND INTEGRITY OF THOSE
19 PERSONS WHO WOULD CONTROL THE OPERATION OF THE INSURER ARE SUCH
20 THAT IT WOULD NOT BE IN THE INTEREST OF POLICYHOLDERS OF THE
21 INSURER AND OF THE PUBLIC TO PERMIT THE MERGER, CONSOLIDATION OR
22 OTHER ACQUISITION OF CONTROL.

23 (VI) THE [ACQUISITION] MERGER, CONSOLIDATION OR OTHER
24 ACQUISITION OF CONTROL IS LIKELY TO BE HAZARDOUS OR PREJUDICIAL
25 TO THE INSURANCE BUYING PUBLIC.

26 (VII) THE MERGER, CONSOLIDATION OR OTHER ACQUISITION OF
27 CONTROL IS NOT IN COMPLIANCE WITH THE LAWS OF THIS COMMONWEALTH,
28 INCLUDING ARTICLE VIII-A.

29 (2) IF THE MERGER, CONSOLIDATION OR OTHER ACQUISITION OF
30 CONTROL IS APPROVED, THE DEPARTMENT SHALL SO NOTIFY THE PERSON

1 FILING THE STATEMENT AND THE INSURER [WHOSE STOCK] THAT IS
2 PROPOSED TO BE ACQUIRED, AND SUCH A DETERMINATION IS HEREAFTER
3 REFERRED TO AS AN APPROVING DETERMINATION. NOTICE SHALL ALSO BE
4 GIVEN BY THE DEPARTMENT OF ANY DETERMINATION WHICH IS NOT AN
5 APPROVING DETERMINATION. IF AN APPROVING DETERMINATION IS MADE
6 BY THE DEPARTMENT AND NOT OTHERWISE, THE PROPOSED OFFER AND
7 ACQUISITION MAY THEREAFTER BE MADE AND CONSUMMATED ON THE TERMS
8 AND CONDITIONS AND IN THE MANNER DESCRIBED IN THE STATEMENT AND
9 SUBJECT TO SUCH CONDITIONS AS MAY BE PRESCRIBED BY THE
10 DEPARTMENT AS HEREINAFTER PROVIDED. AN APPROVING DETERMINATION
11 BY THE DEPARTMENT SHALL BE DEEMED TO EXTEND TO OFFERS OR
12 ACQUISITIONS MADE PURSUANT THERETO WITHIN ONE YEAR FOLLOWING THE
13 DATE OF DETERMINATION. THE DEPARTMENT MAY, AS A CONDITION OF ITS
14 APPROVING DETERMINATION, REQUIRE THE INCLUSION IN ANY OFFER OF
15 PROVISIONS REQUIRING THE OFFER TO REMAIN OPEN A SPECIFIED
16 MINIMUM LENGTH OF TIME, PERMITTING WITHDRAWAL OF SHARES
17 DEPOSITED PRIOR TO THE TIME THE OFFEROR BECOMES BOUND TO
18 CONSUMMATE THE ACQUISITION AND REQUIRING PRO RATA ACCEPTANCE OF
19 ANY SHARES DEPOSITED PURSUANT TO THE OFFER. THE DEPARTMENT SHALL
20 HOLD A HEARING BEFORE MAKING THE DETERMINATION REQUIRED BY THIS
21 SUBSECTION IF, WITHIN TEN (10) DAYS FOLLOWING THE FILING WITH
22 THE DEPARTMENT OF THE STATEMENT, WRITTEN REQUEST FOR THE HOLDING
23 OF SUCH HEARING IS MADE EITHER BY THE PERSON PROPOSING TO MAKE
24 THE ACQUISITION, BY THE INSURER [WHOSE STOCK] THAT IS PROPOSED
25 TO BE ACQUIRED OR, IF [SUCH] THE ISSUER OF STOCK PROPOSED TO BE
26 ACQUIRED IS NOT AN INSURER, BY THE [INSURANCE COMPANY] INSURER
27 CONTROLLED BY SUCH ISSUER. OTHERWISE, THE DEPARTMENT SHALL
28 DETERMINE IN ITS DISCRETION WHETHER SUCH A HEARING SHALL BE
29 HELD. THIRTY (30) DAYS' NOTICE OF ANY SUCH HEARING SHALL BE
30 GIVEN TO THE PERSON PROPOSING TO MAKE THE ACQUISITION, TO THE

1 ISSUER WHOSE STOCK IS PROPOSED TO BE ACQUIRED AND, IF SUCH
2 ISSUER IS NOT AN INSURER, TO THE INSURANCE COMPANY CONTROLLED BY
3 SUCH ISSUER. NOTICE OF ANY SUCH HEARING SHALL ALSO BE GIVEN TO
4 SUCH OTHER PERSONS, IF ANY, AS THE DEPARTMENT MAY DETERMINE.

5 (3) THE DEPARTMENT MAY RETAIN AT THE ACQUIRING PERSON'S
6 EXPENSE ANY ATTORNEYS, ACTUARIES, ACCOUNTANTS AND OTHER EXPERTS
7 NOT OTHERWISE A PART OF THE DEPARTMENT'S STAFF AS MAY BE
8 REASONABLY NECESSARY TO ASSIST THE DEPARTMENT IN REVIEWING THE
9 PROPOSED ACQUISITION OF CONTROL.

10 (G) THE PROVISIONS OF THIS SECTION SHALL NOT APPLY TO ANY
11 OFFER, REQUEST, INVITATION, AGREEMENT OR ACQUISITION WHICH THE
12 DEPARTMENT BY ORDER SHALL EXEMPT THEREFROM AS:

13 (1) NOT HAVING BEEN MADE OR ENTERED INTO FOR THE PURPOSE AND
14 NOT HAVING THE EFFECT OF CHANGING OR INFLUENCING THE CONTROL OF
15 A DOMESTIC INSURER; OR

16 (2) AS OTHERWISE NOT COMPREHENDED WITHIN THE PURPOSES OF
17 THIS SECTION.

18 (H) THE FOLLOWING SHALL CONSTITUTE A VIOLATION OF THIS
19 SECTION:

20 (1) THE FAILURE TO FILE ANY STATEMENT, AMENDMENT OR OTHER
21 MATERIAL REQUIRED TO BE FILED PURSUANT TO SUBSECTION (A) OR (B);

22 (2) THE EFFECTUATION OR ANY ATTEMPT TO EFFECTUATE AN
23 ACQUISITION OF CONTROL OF OR MERGER OR CONSOLIDATION WITH A
24 DOMESTIC INSURER UNLESS THE DEPARTMENT HAS GIVEN ITS APPROVAL
25 THERETO; OR

26 (3) A VIOLATION OF SECTION 819-A.

27 (I) THE DEPARTMENT SHALL, WITHIN SEVENTY-TWO HOURS OF
28 RECEIVING A STATEMENT FILED UNDER THIS SECTION, PROVIDE
29 NOTIFICATION TO THE OFFICE OF ATTORNEY GENERAL THAT THE FILING
30 WAS RECEIVED.

1 SECTION 5. SECTION 1403(A), (B) AND (D), ADDED DECEMBER 18,
2 1992 (P.L.1519, NO.178), ARE AMENDED TO READ:

3 SECTION 1403. ACQUISITIONS INVOLVING INSURERS NOT OTHERWISE
4 COVERED.--(A) AS USED IN THIS SECTION THE FOLLOWING WORDS AND
5 PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS
6 SUBSECTION:

7 "ACQUISITION." ANY AGREEMENT, ARRANGEMENT OR ACTIVITY THE
8 CONSUMMATION OF WHICH RESULTS IN A PERSON ACQUIRING, DIRECTLY OR
9 INDIRECTLY, THE CONTROL OF ANOTHER PERSON AND INCLUDES, BUT IS
10 NOT LIMITED TO, THE ACQUISITION OF VOTING SECURITIES, THE
11 ACQUISITION OF ASSETS, BULK REINSURANCE [AND], MERGERS AND
12 CONSOLIDATIONS.

13 "INVOLVED INSURER." INCLUDES AN INSURER WHICH EITHER
14 ACQUIRES OR IS ACQUIRED, IS AFFILIATED WITH AN ACQUIRER OR
15 ACQUIRED OR IS THE RESULT OF A MERGER OR CONSOLIDATION.

16 (B) (1) EXCEPT AS EXEMPTED IN PARAGRAPH (2), THIS SECTION
17 APPLIES TO ANY ACQUISITION IN WHICH THERE IS A CHANGE IN CONTROL
18 OF AN INSURER AUTHORIZED TO DO BUSINESS IN THIS COMMONWEALTH.

19 (2) THIS SECTION SHALL NOT APPLY TO ANY OF THE FOLLOWING:

20 (I) AN ACQUISITION SUBJECT TO APPROVAL OR DISAPPROVAL BY THE
21 DEPARTMENT PURSUANT TO SECTION 1402.

22 (II) A PURCHASE OF SECURITIES SOLELY FOR INVESTMENT PURPOSES
23 SO LONG AS SUCH SECURITIES ARE NOT USED BY VOTING OR OTHERWISE
24 TO CAUSE OR ATTEMPT TO CAUSE THE SUBSTANTIAL LESSENING OF
25 COMPETITION IN ANY INSURANCE MARKET IN THIS COMMONWEALTH. IF A
26 PURCHASE OF SECURITIES RESULTS IN A PRESUMPTION OF CONTROL AS
27 DESCRIBED IN THE DEFINITION OF "CONTROL" IN SECTION [1301] 1401,
28 IT IS NOT SOLELY FOR INVESTMENT PURPOSES UNLESS THE INSURANCE
29 DEPARTMENT OF THE INSURER'S STATE OF DOMICILE ACCEPTS A
30 DISCLAIMER OF CONTROL OR AFFIRMATIVELY FINDS THAT CONTROL DOES

1 NOT EXIST AND SUCH DISCLAIMER ACTION OR AFFIRMATIVE FINDING IS
2 COMMUNICATED BY THE DOMICILIARY INSURANCE DEPARTMENT TO THE
3 INSURANCE DEPARTMENT OF THE COMMONWEALTH.

4 (III) THE ACQUISITION OF A PERSON BY ANOTHER PERSON WHEN
5 BOTH PERSONS ARE NEITHER DIRECTLY NOR THROUGH AFFILIATES
6 PRIMARILY ENGAGED IN THE BUSINESS OF INSURANCE, IF
7 PREACQUISITION NOTIFICATION IS FILED WITH THE DEPARTMENT IN
8 ACCORDANCE WITH SUBSECTION (C)(2) THIRTY (30) DAYS PRIOR TO THE
9 PROPOSED EFFECTIVE DATE OF THE ACQUISITION. HOWEVER, SUCH
10 PREACQUISITION NOTIFICATION IS NOT REQUIRED FOR EXCLUSION FROM
11 THIS SECTION IF THE ACQUISITION WOULD OTHERWISE BE EXCLUDED FROM
12 THIS SECTION BY THIS PARAGRAPH.

13 (IV) THE ACQUISITION OF ALREADY AFFILIATED PERSONS.

14 (V) AN ACQUISITION IF, AS AN IMMEDIATE RESULT OF THE
15 ACQUISITION:

16 (A) IN NO MARKET WOULD THE COMBINED MARKET SHARE OF THE
17 INVOLVED INSURERS EXCEED FIVE PER CENTUM (5%) OF THE TOTAL
18 MARKET;

19 (B) THERE WOULD BE NO INCREASE IN ANY MARKET SHARE; OR

20 (C) IN NO MARKET WOULD:

21 (I) THE COMBINED MARKET SHARE OF THE INVOLVED INSURERS
22 EXCEEDS TWELVE PER CENTUM (12%) OF THE TOTAL MARKET; AND

23 (II) THE MARKET SHARE INCREASES BY MORE THAN TWO PER CENTUM
24 (2%) OF THE TOTAL MARKET.

25 FOR THE PURPOSE OF THIS SUBPARAGRAPH, A MARKET MEANS DIRECT
26 WRITTEN INSURANCE PREMIUM IN THIS COMMONWEALTH FOR A LINE OF
27 BUSINESS AS CONTAINED IN THE ANNUAL STATEMENT REQUIRED TO BE
28 FILED BY INSURERS LICENSED TO DO BUSINESS IN THIS COMMONWEALTH.

29 (VI) AN ACQUISITION FOR WHICH A PREACQUISITION NOTIFICATION
30 WOULD BE REQUIRED PURSUANT TO THIS SECTION DUE SOLELY TO THE

1 RESULTING EFFECT ON THE OCEAN MARINE INSURANCE LINE OF BUSINESS.

2 (VII) AN ACQUISITION OF AN INSURER WHOSE DOMICILIARY
3 INSURANCE DEPARTMENT AFFIRMATIVELY FINDS THAT SUCH INSURER IS IN
4 FAILING CONDITION; THERE IS A LACK OF FEASIBLE ALTERNATIVE TO
5 IMPROVING SUCH CONDITION; THE PUBLIC BENEFITS OF IMPROVING SUCH
6 INSURER'S CONDITION THROUGH THE ACQUISITION EXCEED THE PUBLIC
7 BENEFITS THAT WOULD ARISE FROM NOT LESSENING COMPETITION; AND
8 SUCH FINDINGS ARE COMMUNICATED BY THE DOMICILIARY INSURANCE
9 DEPARTMENT TO THE INSURANCE DEPARTMENT OF THE COMMONWEALTH.

10 (3) SECTIONS 1409(B) AND (C) AND 1411 SHALL NOT APPLY TO
11 ACQUISITIONS PROVIDED FOR IN THIS SUBSECTION.

12 * * *

13 (D) (1) THE DEPARTMENT MAY ENTER AN ORDER UNDER SUBSECTION
14 (E)(1) WITH RESPECT TO AN ACQUISITION IF THERE IS SUBSTANTIAL
15 EVIDENCE THAT THE EFFECT OF THE ACQUISITION MAY BE SUBSTANTIALLY
16 TO LESSEN COMPETITION IN ANY LINE OF INSURANCE IN THIS
17 COMMONWEALTH OR TEND TO CREATE A MONOPOLY THEREIN OR IF THE
18 INSURER FAILS TO FILE ADEQUATE INFORMATION IN COMPLIANCE WITH
19 SUBSECTION (C).

20 (2) IN DETERMINING WHETHER A PROPOSED ACQUISITION WOULD
21 VIOLATE THE COMPETITIVE STANDARD OF PARAGRAPH (1), THE
22 DEPARTMENT SHALL CONSIDER THE FOLLOWING:

23 (I) ANY ACQUISITION COVERED UNDER SUBSECTION (B) INVOLVING
24 TWO OR MORE INSURERS COMPETING IN THE SAME MARKET IS PRIMA FACIE
25 EVIDENCE OF VIOLATION OF THE COMPETITIVE STANDARDS AS FOLLOWS:

26 (A) IF THE MARKET IS HIGHLY CONCENTRATED AND THE INVOLVED
27 INSURERS POSSESS THE FOLLOWING SHARES OF THE MARKET:

| 28 | INSURER A | INSURER B |
|----|-----------|------------|
| 29 | 4% | 4% OR MORE |
| 30 | 10% | 2% OR MORE |

1 15% 1% OR MORE; OR

2 (B) IF THE MARKET IS NOT HIGHLY CONCENTRATED AND THE
3 INVOLVED INSURERS POSSESS THE FOLLOWING SHARES OF THE MARKET:

| 4 | INSURER A | INSURER B |
|---|-----------|-------------|
| 5 | 5% | 5% OR MORE |
| 6 | 10% | 4% OR MORE |
| 7 | 15% | 3% OR MORE |
| 8 | 19% | 1% OR MORE. |

9 A HIGHLY CONCENTRATED MARKET IS ONE IN WHICH THE SHARE OF THE
10 FOUR LARGEST INSURERS IS SEVENTY-FIVE PER CENTUM (75%) OR MORE
11 OF THE MARKET. PERCENTAGES NOT SHOWN IN THE TABLES ARE
12 INTERPOLATED PROPORTIONATELY TO THE PERCENTAGES THAT ARE SHOWN.
13 IF MORE THAN TWO INSURERS ARE INVOLVED, EXCEEDING THE TOTAL OF
14 THE TWO COLUMNS IN THE TABLE IS PRIMA FACIE EVIDENCE OF
15 VIOLATION OF THE COMPETITIVE STANDARD IN PARAGRAPH (1). FOR THE
16 PURPOSE OF THIS SUBPARAGRAPH, THE INSURER WITH THE LARGEST SHARE
17 OF THE MARKET SHALL BE DEEMED TO BE INSURER A.

18 (II) THERE IS A SIGNIFICANT TREND TOWARD INCREASED
19 CONCENTRATION WHEN THE AGGREGATE MARKET SHARE OF ANY GROUPING OF
20 THE LARGEST INSURERS IN THE MARKET, FROM THE TWO LARGEST TO THE
21 EIGHT LARGEST, HAS INCREASED BY SEVEN PER CENTUM (7%) OR MORE OF
22 THE MARKET OVER A PERIOD OF TIME EXTENDING FROM ANY BASE YEAR
23 FIVE (5) TO TEN (10) YEARS PRIOR TO THE ACQUISITION UP TO THE
24 TIME OF THE ACQUISITION. ANY ACQUISITION [OR MERGER], MERGER OR
25 CONSOLIDATION COVERED UNDER SUBSECTION (B) INVOLVING TWO OR MORE
26 INSURERS COMPETING IN THE SAME MARKET IS PRIMA FACIE EVIDENCE OF
27 VIOLATION OF THE COMPETITIVE STANDARD IN PARAGRAPH (1) IF:

28 (A) THERE IS A SIGNIFICANT TREND TOWARD INCREASED
29 CONCENTRATION IN THE MARKET;

30 (B) ONE OF THE INSURERS INVOLVED IS ONE OF THE INSURERS IN A

1 GROUPING OF SUCH LARGE INSURERS SHOWING THE REQUISITE INCREASE
2 IN THE MARKET SHARE; AND

3 (C) ANOTHER INVOLVED INSURER'S MARKET IS TWO PER CENTUM (2%)
4 OR MORE.

5 (III) FOR THE PURPOSES OF THIS PARAGRAPH:

6 (A) THE TERM "INSURER" INCLUDES ANY COMPANY OR GROUP OF
7 COMPANIES UNDER COMMON MANAGEMENT, OWNERSHIP OR CONTROL.

8 (B) THE TERM "MARKET" MEANS THE RELEVANT PRODUCT AND
9 GEOGRAPHICAL MARKETS. IN DETERMINING THE RELEVANT PRODUCT AND
10 GEOGRAPHICAL MARKETS, THE DEPARTMENT SHALL GIVE DUE
11 CONSIDERATION TO, AMONG OTHER THINGS, THE DEFINITIONS OR
12 GUIDELINES, IF ANY, PROMULGATED BY THE NAIC AND TO INFORMATION,
13 IF ANY, SUBMITTED BY PARTIES TO THE ACQUISITION. IN THE ABSENCE
14 OF SUFFICIENT INFORMATION TO THE CONTRARY, THE RELEVANT PRODUCT
15 MARKET IS ASSUMED TO BE THE DIRECT WRITTEN INSURANCE PREMIUM FOR
16 A LINE OF BUSINESS, SUCH LINE BEING THAT USED IN THE ANNUAL
17 STATEMENT REQUIRED TO BE FILED BY INSURERS DOING BUSINESS IN
18 THIS COMMONWEALTH AND THE RELEVANT GEOGRAPHICAL MARKET IS
19 ASSUMED TO BE THIS COMMONWEALTH.

20 (C) THE BURDEN OF SHOWING PRIMA FACIE EVIDENCE OF VIOLATION
21 OF THE COMPETITIVE STANDARD RESTS UPON THE COMMISSIONER.

22 (IV) EVEN THOUGH AN ACQUISITION IS NOT PRIMA FACIE VIOLATIVE
23 OF THE COMPETITIVE STANDARD UNDER SUBPARAGRAPHS (I) AND (II),
24 THE DEPARTMENT MAY ESTABLISH THE REQUISITE ANTICOMPETITIVE
25 EFFECT BASED UPON OTHER SUBSTANTIAL EVIDENCE. EVEN THOUGH AN
26 ACQUISITION IS PRIMA FACIE VIOLATIVE OF THE COMPETITIVE STANDARD
27 UNDER SUBPARAGRAPHS (I) AND (II), A PARTY MAY ESTABLISH THE
28 ABSENCE OF THE REQUISITE ANTICOMPETITIVE EFFECT BASED UPON OTHER
29 SUBSTANTIAL EVIDENCE. RELEVANT FACTORS IN MAKING A DETERMINATION
30 UNDER THIS PARAGRAPH INCLUDE, BUT ARE NOT LIMITED TO, THE

1 FOLLOWING: MARKET SHARES, VOLATILITY OF RANKING OF MARKET
2 LEADERS, NUMBER OF COMPETITORS, CONCENTRATION, TREND OF
3 CONCENTRATION IN THE INDUSTRY AND EASE OF ENTRY AND EXIT INTO
4 THE MARKET.

5 (3) [AN] EXCEPT FOR A MERGER, CONSOLIDATION OR ACQUISITION
6 OF CONTROL INVOLVING A HOSPITAL PLAN CORPORATION OR PROFESSIONAL
7 HEALTH SERVICES PLAN CORPORATION, AN ORDER MAY NOT BE ENTERED
8 UNDER SUBSECTION (E)(1) IF:

9 (I) THE ACQUISITION WILL YIELD SUBSTANTIAL ECONOMIES OF
10 SCALE OR ECONOMIES IN RESOURCE UTILIZATION THAT CANNOT BE
11 FEASIBLY ACHIEVED IN ANY OTHER WAY, AND THE PUBLIC BENEFITS
12 WHICH WOULD ARISE FROM SUCH ECONOMIES EXCEED THE PUBLIC BENEFITS
13 WHICH WOULD ARISE FROM NOT LESSENING COMPETITION; OR

14 (II) THE ACQUISITION WILL SUBSTANTIALLY INCREASE THE
15 AVAILABILITY OF INSURANCE, AND THE PUBLIC BENEFITS OF SUCH
16 INCREASE EXCEED THE PUBLIC BENEFITS WHICH WOULD ARISE FROM NOT
17 LESSENING COMPETITION.

18 * * *

19 SECTION 6. THE ACT IS AMENDED BY ADDING SECTIONS TO READ:

20 SECTION 1404.1. INSURANCE RESTRUCTURING PUBLIC INTEREST
21 REVIEW BOARD.--(A) THE INSURANCE RESTRUCTURING PUBLIC INTEREST
22 REVIEW BOARD IS ESTABLISHED TO REVIEW THE MERGER, CONSOLIDATION
23 OR OTHER ACQUISITION OF CONTROL OF A HOSPITAL PLAN CORPORATION
24 OR PROFESSIONAL HEALTH SERVICES PLAN CORPORATION AS DEFINED IN
25 THIS ACT AND IN 40 PA.C.S. CHS. 61 (RELATING TO HOSPITAL PLAN
26 CORPORATIONS) AND 63 (RELATING TO PROFESSIONAL HEALTH SERVICES
27 PLAN CORPORATIONS).

28 (B) THE BOARD SHALL CONSIST OF THE FOLLOWING MEMBERS:

29 (1) THE AUDITOR GENERAL OR A DESIGNEE.

30 (2) THE SECRETARY OF PUBLIC WELFARE OR A DESIGNEE.

1 (3) THE SECRETARY OF HEALTH OR A DESIGNEE.

2 (4) THE MAJORITY LEADER OF THE SENATE OR A DESIGNEE.

3 (5) THE MINORITY LEADER OF THE SENATE OR A DESIGNEE.

4 (6) THE MAJORITY LEADER OF THE HOUSE OF REPRESENTATIVES OR A
5 DESIGNEE.

6 (7) THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES OR A
7 DESIGNEE.

8 (8) A MEMBER OF THE GENERAL PUBLIC WHO IS AN INDIVIDUAL
9 INSURED UNDER A HOSPITAL PLAN CORPORATION OR PROFESSIONAL HEALTH
10 SERVICES PLAN CORPORATION APPOINTED BY THE GOVERNOR.

11 (9) A PERSON WHO IS CURRENTLY OR WHO HAS BEEN A HEALTH CARE
12 PROVIDER PURSUANT TO A CONTRACT WITH A HOSPITAL PLAN CORPORATION
13 OR PROFESSIONAL HEALTH SERVICES PLAN CORPORATION APPOINTED BY
14 THE GOVERNOR.

15 (C) A MAJORITY OF THE MEMBERS OF THE BOARD SHALL SELECT A
16 CHAIRPERSON AND OTHER OFFICERS AS THEY SHALL DETERMINE.

17 (D) THE BOARD SHALL CONVENE WITHIN 45 DAYS AFTER THE
18 EFFECTIVE DATE OF THIS SECTION. THE BOARD SHALL MEET AT LEAST
19 FOUR TIMES ANNUALLY. ADDITIONAL MEETINGS SHALL BE HELD AT THE
20 CALL OF THE CHAIRPERSON OR ON THE SUBMISSION OF A REQUEST SIGNED
21 BY A MAJORITY OF THE MEMBERS OF THE BOARD.

22 (E) A MAJORITY OF THE MEMBERS OF THE BOARD SHALL CONSTITUTE
23 A QUORUM. ACTION OF THE BOARD SHALL BE BY MAJORITY VOTE EXCEPT
24 AS PROVIDED UNDER SUBSECTION (G)(3). EXCEPT AS PROVIDED IN
25 SUBSECTION (G) OR (H), ALL BUSINESS OF THE BOARD SHALL BE
26 CONDUCTED BY A QUORUM.

27 (F) NO MEMBER OF THE BOARD SHALL BE ENTITLED TO COMPENSATION
28 FOR SERVICES PERFORMED AS A MEMBER OF THE BOARD, BUT SHALL BE
29 ENTITLED TO REIMBURSEMENT FOR ALL NECESSARY AND REASONABLE
30 EXPENSES INCURRED IN CONNECTION WITH THE PERFORMANCE OF THE

1 DUTIES AS A MEMBER OF THE BOARD.

2 (G) THE BOARD SHALL HAVE THE FOLLOWING POWERS AND DUTIES:

3 (1) TO RECEIVE AND REVIEW ALL FILINGS SUBMITTED TO THE
4 DEPARTMENT RELATING TO THE MERGER, CONSOLIDATION OR OTHER
5 ACQUISITION OF CONTROL OF A HOSPITAL PLAN CORPORATION OR
6 PROFESSIONAL HEALTH SERVICES PLAN CORPORATION AND ALL
7 ACCOMPANYING DATA OR OTHER INFORMATION. THE DEPARTMENT MAY
8 REDACT INFORMATION DETERMINED TO BE A TRADE SECRET. CONFIDENTIAL
9 MATERIAL SHALL BE AVAILABLE FOR REVIEW IN EXECUTIVE SESSION OF
10 THE BOARD. A BOARD MEMBER, FINANCIAL EXPERT OR AUDITOR WHO
11 RELEASES CONFIDENTIAL INFORMATION SHALL BE SUBJECT TO A CIVIL
12 PENALTY NOT TO EXCEED ONE THOUSAND DOLLARS (\$1,000) PER
13 VIOLATION.

14 (2) TO HOLD AT LEAST ONE PUBLIC HEARING ON A MERGER,
15 CONSOLIDATION OR OTHER ACQUISITION OF CONTROL OF A HOSPITAL PLAN
16 CORPORATION OR PROFESSIONAL HEALTH SERVICES PLAN CORPORATION AT
17 WHICH THE DEPARTMENT SHALL PRESENT FINDINGS RELATING TO THE
18 MERGER, CONSOLIDATION OR OTHER ACQUISITION OF CONTROL.

19 (3) TO MAKE WRITTEN RECOMMENDATIONS TO THE DEPARTMENT.
20 RECOMMENDATIONS UNDER THIS PARAGRAPH MUST BE APPROVED BY AT
21 LEAST SEVEN MEMBERS OF THE BOARD BY AUGUST 31, 2008.

22 (4) TO APPOINT SUCH FINANCIAL EXPERTS OR AUDITORS AS
23 NECESSARY TO:

24 (I) REVIEW THE MERGER, CONSOLIDATION OR OTHER ACQUISITION OF
25 CONTROL.

26 (II) DETERMINE THE AMOUNT OF NET ECONOMIC BENEFIT, SAVINGS,
27 PROCEEDS OR OTHER MONEYS THAT WILL BE DERIVED FROM THE MERGER,
28 CONSOLIDATION OR OTHER ACQUISITION OF CONTROL.

29 (III) DETERMINE THE AMOUNT OF RESERVES, SURPLUS AND ADMITTED
30 ASSETS OF THE HEALTH PLAN CORPORATION AND THE PROFESSIONAL

1 HEALTH SERVICES PLAN CORPORATION AND THE AMOUNT OF THE RESERVES,
2 SURPLUS AND ADMITTED ASSETS OF THE NEWLY MERGED, CONSOLIDATED OR
3 ACQUIRED ENTITY.

4 (IV) DETERMINE THE AMOUNT DEDICATED FOR THE HOSPITAL PLAN
5 CORPORATION'S AND THE PROFESSIONAL HEALTH SERVICES PLAN
6 CORPORATION'S SOCIAL MISSION, AS DEFINED IN SECTION 2501, FOR
7 THE PRIOR YEAR AND THE CURRENT YEAR. THIS SUBCLAUSE INCLUDES ALL
8 FOR-PROFIT AFFILIATES AND SUBSIDIARIES OF THE CORPORATION.

9 (V) REVIEW OTHER AMOUNTS THAT WILL BE AVAILABLE FOR THE
10 CORPORATE SOCIAL MISSION, AS DEFINED IN SECTION 2501, FOLLOWING
11 ANY APPROVAL OF THE MERGER, CONSOLIDATION OR OTHER ACQUISITION
12 OF CONTROL.

13 THE COST OF THE FINANCIAL EXPERTS OR AUDITORS SHALL BE PAID FOR
14 BY THE HOSPITAL PLAN CORPORATION OR PROFESSIONAL HEALTH SERVICES
15 PLAN CORPORATION.

16 (H) THE DEPARTMENT SHALL PRESENT THE FOLLOWING TO THE BOARD:

17 (1) FINDINGS AND RECOMMENDATIONS ON THE MERGER,
18 CONSOLIDATION OR OTHER ACQUISITION OF CONTROL TO THE INSURANCE
19 RESTRUCTURING BOARD, INCLUDING AN ANALYSIS OF WHETHER THE
20 HOSPITAL PLAN CORPORATION OR PROFESSIONAL HEALTH SERVICES PLAN
21 CORPORATION HAS MET ALL THE REQUIREMENTS OF SECTIONS 1402 AND
22 1403.

23 (2) A WRITTEN RESPONSE TO EACH RECOMMENDATION SUBMITTED BY
24 THE BOARD UNDER SUBSECTION (G)(3), INCLUDING A DETAILED WRITTEN
25 EXPLANATION OF THE REASON THE RECOMMENDATION WILL OR WILL NOT BE
26 ADOPTED. THE RESPONSE SHALL BE SUBMITTED WITHIN THIRTY (30) DAYS
27 OF RECEIPT OF A RECOMMENDATION UNDER SUBSECTION (G)(3).

28 (3) A WRITTEN DETERMINATION THAT THE MERGER, CONSOLIDATION
29 OR OTHER ACQUISITION OF CONTROL WILL RESULT IN A SUSTAINED
30 BENEFIT FOR PENNSYLVANIA POLICYHOLDERS AND A WRITTEN FINDING

1 THAT DESCRIBES THE REASON OR REASONS THE DEPARTMENT BELIEVES THE
2 MERGER, CONSOLIDATION OR OTHER ACQUISITION OF CONTROL IS
3 CONSISTENT WITH PUBLIC INTEREST.

4 (I) THE BOARD SHALL HAVE THIRTY (30) DAYS TO REVIEW AND
5 RESPOND TO THE WRITTEN RESPONSES TO RECOMMENDATIONS PROVIDED
6 UNDER SUBSECTION (H). THE DEPARTMENT SHALL NOT APPROVE THE
7 MERGER, CONSOLIDATION OR OTHER ACQUISITION OF CONTROL OF A
8 HOSPITAL PLAN CORPORATION OR PROFESSIONAL HEALTH SERVICES PLAN
9 CORPORATION FOR 60 DAYS AFTER IT HAS COMPLIED WITH SUBSECTION
10 (H).

11 (J) THE BOARD SHALL COMPLETE ITS REVIEW OF AN INDIVIDUAL
12 FILING WITHIN NINETY (90) DAYS OF THE APPROVAL OR DISAPPROVAL OF
13 ANY MERGER, CONSOLIDATION OR OTHER ACQUISITION OF CONTROL OF A
14 HOSPITAL PLAN CORPORATION OR A PROFESSIONAL HEALTH SERVICES PLAN
15 CORPORATION. THE BOARD SHALL RECONVENE TO REVIEW A NEW FILING
16 FOR APPROVAL OF ANY MERGER, CONSOLIDATION OR OTHER ACQUISITION
17 OF CONTROL OF A HOSPITAL PLAN CORPORATION OR A PROFESSIONAL
18 HEALTH SERVICES PLAN CORPORATION, WITHIN FORTY-FIVE (45) DAYS OF
19 THE NEW FILING.

20 SECTION 1404.2. ACCOUNT.--(A) THERE IS HEREBY ESTABLISHED
21 IN THE STATE TREASURY A RESTRICTED RECEIPT ACCOUNT FOR THE
22 DEPOSIT OF FUNDS UNDER THIS SECTION.

23 (B) ANY NET ECONOMIC BENEFITS, INCLUDING PROCEEDS, SAVINGS,
24 FUNDS OR MONEYS DERIVED FROM THE MERGER, CONSOLIDATION OR OTHER
25 ACQUISITION OF CONTROL OF A HOSPITAL PLAN CORPORATION OR
26 PROFESSIONAL HEALTH SERVICES PLAN CORPORATION WHICH ARE TO BE
27 USED TO FUND ANY PORTION OF A HEALTH CARE OR HEALTH CARE RELATED
28 PROGRAM OF, OR TO BE ADMINISTERED BY, THE COMMONWEALTH SHALL BE
29 DEPOSITED INTO THE RESTRICTED RECEIPT ACCOUNT UNDER SUBSECTION
30 (A) IN THE STATE TREASURY.

1 (C) NO CONTRACTS OR WRITTEN AGREEMENTS BETWEEN THE
2 COMMONWEALTH AND THE HOSPITAL PLAN CORPORATION OR PROFESSIONAL
3 HEALTH SERVICES PLAN CORPORATION MAY BE ENTERED INTO RELATING TO
4 THE DISBURSEMENT OR SPENDING OF THE ECONOMIC BENEFITS, PROCEEDS,
5 SAVINGS, FUNDS OR MONEYS RESULTING FROM THE MERGER,
6 CONSOLIDATION OR OTHER ACQUISITION OF CONTROL OF A HOSPITAL PLAN
7 CORPORATION OR PROFESSIONAL HEALTH SERVICES PLAN CORPORATION
8 UNTIL THE FUNDS ARE APPROPRIATED PURSUANT TO SUBSECTION (D).

9 (D) NO MONEYS MAY BE TRANSFERRED OR PAID FROM THE ACCOUNT
10 UNLESS APPROPRIATED BY THE GENERAL ASSEMBLY FOR HEALTH-RELATED
11 PURPOSES.

12 Section 5 7. Section 1703 of the act, added December 18, <—
13 1992 (P.L.1519, No.178), is amended to read:

14 Section 1703. Coverage and Limitations.--(a) This article
15 shall provide coverage to the following persons for the policies
16 and contracts specified in subsection (b):

17 (1) To persons who, regardless of where they reside, except
18 for nonresident certificate holders under group policies or
19 contracts, are the beneficiaries, assignees or payees of the
20 persons covered under paragraph (2).

21 (2) To persons who are owners of or certificate holders
22 under these policies or contracts or, in the case of unallocated
23 annuity contracts, to the persons who are the contract holders
24 and who:

25 (i) are residents; or

26 (ii) are not residents, but only under all of the following
27 conditions:

28 (A) the insurers which issued such policies or contracts are
29 domiciled in this Commonwealth;

30 (B) such insurers never held a license or certificate of

1 authority in the states in which such persons reside;

2 (C) these states have associations similar to the
3 association created by this article; and

4 (D) these persons are not eligible for coverage by those
5 associations.

6 (b) (1) This article shall provide coverage to the persons
7 specified in subsection (a) for direct, nongroup life, health,
8 annuity and supplemental policies or contracts, for certificates
9 under direct group policies and contracts and for unallocated
10 annuity contracts issued by member insurers, except as limited
11 by this article. Annuity contracts and certificates under group
12 annuity contracts include, but are not limited to, guaranteed
13 investment contracts, deposit administration contracts,
14 unallocated funding agreements, allocated funding agreements,
15 structured settlement agreements, lottery contracts and any
16 immediate or deferred annuity contracts.

17 (2) This article shall not provide coverage for any of the
18 following:

19 (i) Any portion of a policy or contract not guaranteed by
20 the insurer or under which the risk is borne by the policy or
21 contract holder.

22 (ii) Any policy or contract of reinsurance, unless
23 assumption certificates have been issued.

24 (iii) Any portion of a policy or contract to the extent that
25 the rate of interest on which it is based:

26 (A) averaged over the period of four (4) years prior to the
27 date on which the association becomes obligated with respect to
28 such policy or contract, exceeds a rate of interest determined
29 by subtracting two (2) percentage points from Moody's Corporate
30 Bond Yield Average averaged for the same four-year period or for

1 such lesser period if the policy or contract was issued less
2 than four (4) years before the association became obligated; and

3 (B) on and after the date on which the association becomes
4 obligated with respect to such policy or contract, exceeds the
5 rate of interest determined by subtracting three (3) percentage
6 points from Moody's Corporate Bond Yield Average as most
7 recently available.

8 (iv) Any plan or program of an employer, association or
9 similar entity to provide life, health or annuity benefits to
10 its employees or members to the extent that such plan or program
11 is self-funded or uninsured, including, but not limited to,
12 benefits payable by an employer, association or similar entity
13 under:

14 (A) a Multiple Employer Welfare Arrangement as defined in
15 section 514 of the Employee Retirement Income Security Act of
16 1974;

17 (B) a minimum premium group insurance plan;

18 (C) a stop-loss group insurance plan; or

19 (D) an administrative services only contract.

20 (v) Any portion of a policy or contract to the extent that
21 it provides dividends or experience rating credits or provides
22 that any fees or allowances to be paid to any person, including
23 the policyholder or contract holder, in connection with the
24 service to or administration of such policy or contract.

25 (vi) Any policy or contract issued in this Commonwealth by a
26 member insurer at a time when it was not licensed or did not
27 have a certificate of authority to issue such policy or contract
28 in this Commonwealth.

29 (vii) Any unallocated annuity contract issued to an employe
30 benefit plan protected under the Federal Pension Benefit

1 Guaranty Corporation.

2 (viii) Any portion of any unallocated annuity contract which
3 is not issued to or in connection with a specific employe, union
4 or association of natural persons benefit plan or a government
5 lottery.

6 (c) (1) The benefits for which the association may become
7 liable shall in no event exceed the lesser of:

8 (i) the contractual obligations for which the insurer is
9 liable or would have been liable if it were not an impaired or
10 insolvent insurer; or

11 (ii) (A) With respect to any one life, regardless of the
12 number of policies or contracts, the following shall apply:

13 (I) Three hundred thousand (\$300,000) dollars in life
14 insurance death benefits, but not more than one hundred thousand
15 (\$100,000) dollars in net cash surrender and net cash withdrawal
16 values for life insurance.

17 (II) [One hundred thousand (\$100,000) dollars] Three hundred
18 thousand (\$300,000) dollars in health insurance benefits,
19 including any net cash surrender and net cash withdrawal values.

20 (III) Three hundred thousand (\$300,000) dollars in annuity
21 benefits, including one hundred thousand (\$100,000) dollars in
22 net cash surrender and net cash withdrawal values.

23 (IV) Three hundred thousand (\$300,000) dollars in long-term
24 care insurance benefits, as defined under section 1103,
25 including any cash surrender and net cash withdrawal values.

26 (B) With respect to each individual participating in a
27 governmental retirement plan established under section 401,
28 403(b) or 457 of the Internal Revenue Code of 1986 covered by an
29 unallocated annuity contract or the beneficiaries of each such
30 individual if deceased, in the aggregate, three hundred thousand

1 (\$300,000) dollars in annuity benefits, including one hundred
2 thousand (\$100,000) dollars in net cash surrender and net cash
3 withdrawal values.

4 (C) With respect to any one contract holder covered by any
5 unallocated annuity contract not included in clause (B), five
6 million (\$5,000,000) dollars in benefits, irrespective of the
7 number of such contracts held by that contract holder.

8 (2) The association shall not, however, be liable to expend
9 more than three hundred thousand (\$300,000) dollars in the
10 aggregate with respect to any one individual under subparagraph
11 (ii)(A) and (B) of paragraph (1).

12 SECTION 8. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ: ←

13 ARTICLE XXV

14 HEALTH CARE REPORTING

15 SECTION 2501. DEFINITIONS.

16 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE
17 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
18 CONTEXT CLEARLY INDICATES OTHERWISE:

19 "SOCIAL MISSION." SERVICES, PROJECTS AND COMMUNITY
20 ACTIVITIES, INCLUDING ACTIVITIES TO IMPROVE HEALTH CARE OR MAKE
21 HEALTH CARE MORE AFFORDABLE AND ACCESSIBLE IN THE SERVICE AREA,
22 AND ALL OTHER CHARITABLE AND BENEVOLENT ACTIVITIES OF A HOSPITAL
23 PLAN CORPORATION OR HEALTH SERVICES PLAN CORPORATION.

24 SECTION 2502. HOSPITAL PLAN CORPORATION.

25 EACH HOSPITAL PLAN CORPORATION SUBJECT TO 40 PA.C.S. CH. 61
26 (RELATING TO HOSPITAL PLAN CORPORATIONS) SHALL ANNUALLY PROVIDE
27 TO THE DEPARTMENT, THE CHAIRMAN AND MINORITY CHAIRMAN OF THE
28 BANKING AND INSURANCE COMMITTEE OF THE SENATE AND THE CHAIRMAN
29 AND MINORITY CHAIRMAN OF THE INSURANCE COMMITTEE OF THE HOUSE OF
30 REPRESENTATIVES A LIST, INCLUDING THE AMOUNT SPENT ON BROADCAST

1 ADVERTISING AND ALL CONTRACTS ENTERED INTO AND EXPENDITURES MADE
2 DURING THAT CALENDAR YEAR. THE INFORMATION SHALL BE PROVIDED BY
3 DECEMBER 1 OF EACH YEAR. THE HOSPITAL PLAN CORPORATION SHALL
4 ALSO PROVIDE A LIST AND DESCRIPTION OF ALL CONTRACTS AND
5 EXPENDITURES RELATING TO THE HEALTH PLAN CORPORATION'S SOCIAL
6 MISSION PLANNED FOR THE UPCOMING CALENDAR YEAR.

7 SECTION 2503. PROFESSIONAL HEALTH SERVICES PLAN CORPORATION.

8 EACH PROFESSIONAL HEALTH SERVICES PLAN CORPORATION SUBJECT TO
9 40 PA.C.S. CH. 63 (RELATING TO PROFESSIONAL HEALTH SERVICE PLAN
10 CORPORATIONS) SHALL ANNUALLY PROVIDE TO THE DEPARTMENT, THE
11 CHAIRMAN AND MINORITY CHAIRMAN OF THE BANKING AND INSURANCE
12 COMMITTEE OF THE SENATE AND THE CHAIRMAN AND MINORITY CHAIRMAN
13 OF THE INSURANCE COMMITTEE OF THE HOUSE OF REPRESENTATIVES A
14 LIST, INCLUDING THE AMOUNT SPENT ON BROADCAST ADVERTISING
15 CONTRACTS AND ALL CONTRACTS ENTERED INTO AND EXPENDITURES MADE
16 DURING THE CALENDAR YEAR RELATING TO THE SOCIAL MISSION OF THE
17 PROFESSIONAL HEALTH SERVICES PLAN CORPORATION. THE INFORMATION
18 SHALL BE PROVIDED BY DECEMBER 1 OF EACH YEAR. THE PROFESSIONAL
19 HEALTH SERVICES PLAN CORPORATION SHALL ALSO PROVIDE A LIST AND
20 DESCRIPTION OF ALL CONTRACTS AND EXPENDITURES RELATING TO THE
21 HEALTH SERVICES PLAN CORPORATION'S SOCIAL MISSION PLANNED FOR
22 THE UPCOMING CALENDAR YEAR.

23 SECTION 9. THE ACT OF DECEMBER 19, 1990 (P.L.834, NO.198),
24 KNOWN AS THE GAA AMENDMENTS ACT OF 1990, IS REPEALED INSOFAR AS
25 IT IS INCONSISTENT WITH THIS ACT.

26 Section ~~6~~ 10. The amendment of section 1703(c)(1)(ii)(A)(II) <—
27 and (IV) shall apply to an insolvency occurring on or after the
28 effective date of this section.

29 Section ~~7~~ 11. The amendment of section 1103 of the act shall <—
30 apply to all policies issued on or after the effective date of

1 this act.

2 ~~Section 8. This act shall take effect as follows:~~ <—

3 ~~(1) Sections 5 and 6 of this act and this section shall~~
4 ~~take effect immediately.~~

5 ~~(2) The remainder of this act shall take effect in 60~~
6 ~~days.~~

7 SECTION 12. THIS ACT SHALL NOT APPLY TO ANY MERGER, <—
8 CONSOLIDATION OR OTHER ACQUISITION OF CONTROL COMPLETED OR
9 CONSUMMATED PRIOR TO THE EFFECTIVE DATE OF THIS SECTION AND, IF
10 REQUIRED, FOLLOWING THE ISSUANCE OF AN APPROVING DETERMINATION.

11 SECTION 13. THIS ACT SHALL APPLY TO ANY APPLICATION,
12 STATEMENT OR OTHER PLAN OR PROPOSAL RELATING TO A MERGER,
13 CONSOLIDATION OR OTHER ACQUISITION OF CONTROL FILED WITH THE
14 INSURANCE DEPARTMENT ON OR AFTER JANUARY 1, 2007.

15 SECTION 14. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.