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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 966 Session of  
2007

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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

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SENATOR ARMSTRONG, APPROPRIATIONS, IN SENATE, RE-REPORTED AS  
AMENDED, JUNE 29, 2007

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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

1 hereby enacts as follows:

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

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

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

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22 LAW SHALL NOT REVIVE ANY LAW HERETOFORE REPEALED OR SUPERSEDED,  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26 PUNISH ANY OFFENSE UNDER THE AUTHORITY OF THE REPEALED LAWS.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

1 "COMMONWEALTH ATTORNEYS ACT."

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

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

8 \* \* \*

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

1 \* \* \*

2 ~~Section 3. The act is amended by adding a section to read:~~ <—

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

4 ~~The Department of Public Welfare, with the cooperation of the~~  
5 ~~department and the Department of Aging, shall seek to establish~~  
6 ~~a Long Term Care Partnership Program by filing a State plan~~  
7 ~~amendment within thirty (30) days of the effective date of this~~  
8 ~~section with the Centers for Medicare and Medicaid Services of~~  
9 ~~the United States Department of Health and Human Services~~  
10 ~~pursuant to Title XIX of the Social Security Act (49 Stat. 620,~~  
11 ~~42 U.S.C. § 301 et seq.).~~

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

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

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

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

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

30 ~~(5) Any addition to a policy as a result of any exchange~~

1 ~~shall be subject to the right to return set forth under section~~  
2 ~~1110 and all applicable regulations.~~

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

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

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

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

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

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

29 \* \* \*

30 "INSURER." ANY HEALTH MAINTENANCE ORGANIZATION, PREFERRED

1 PROVIDER ORGANIZATION, COMPANY, ASSOCIATION [OR], EXCHANGE,  
2 HOSPITAL PLAN CORPORATION SUBJECT TO 40 PA.C.S. CH. 61 (RELATING  
3 TO HOSPITAL PLAN CORPORATIONS) OR PROFESSIONAL HEALTH SERVICES  
4 PLAN CORPORATION SUBJECT TO 40 PA.C.S. CH. 63 (RELATING TO  
5 PROFESSIONAL HEALTH SERVICES PLAN CORPORATIONS), AUTHORIZED BY  
6 THE INSURANCE COMMISSIONER TO TRANSACT THE BUSINESS OF INSURANCE  
7 IN THIS COMMONWEALTH EXCEPT THAT THE TERM SHALL NOT INCLUDE:

8 (1) THE COMMONWEALTH OR ANY AGENCY OR INSTRUMENTALITY  
9 THEREOF;

10 (2) AGENCIES, AUTHORITIES OR INSTRUMENTALITIES OF THE UNITED  
11 STATES, ITS POSSESSIONS AND TERRITORIES, THE COMMONWEALTH OF  
12 PUERTO RICO, THE DISTRICT OF COLUMBIA OR A STATE OR POLITICAL  
13 SUBDIVISION; OR

14 (3) FRATERNAL BENEFIT SOCIETIES[; OR

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

16 \* \* \*

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

24 \* \* \*

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

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

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

1           (II) A MEMBER, AS DEFINED IN 15 PA.C.S. § 5103  
2           (RELATING TO DEFINITIONS), OF AN INSURER THAT IS A  
3           DOMESTIC NONPROFIT CORPORATION UNDER 15 PA.C.S. CH. 51  
4           (RELATING TO GENERAL PROVISIONS) OR A PRIOR STATUTE.

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

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

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

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

15          \* \* \*

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

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

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

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

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

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

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



1 TRAFFIC VIOLATIONS DURING THE PAST TEN (10) YEARS; OR

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

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

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

30 (4) ANY PLANS OR PROPOSALS WHICH EACH ACQUIRING PARTY MAY

1 HAVE TO LIQUIDATE SUCH INSURER, TO SELL ITS ASSETS OR MERGE OR  
2 CONSOLIDATE IT WITH ANY PERSON OR TO MAKE ANY OTHER MATERIAL  
3 CHANGE IN ITS BUSINESS OR CORPORATE STRUCTURE OR MANAGEMENT.

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

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

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

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

28 (9) A DESCRIPTION OF ANY RECOMMENDATIONS TO PURCHASE ANY  
29 SECURITY REFERRED TO IN SUBSECTION (A) MADE DURING THE TWELVE  
30 CALENDAR MONTHS PRECEDING THE FILING OF THE STATEMENT, BY ANY

1 ACQUIRING PARTY, OR BY ANYONE BASED UPON INTERVIEWS OR AT THE  
2 SUGGESTION OF SUCH ACQUIRING PARTY.

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

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

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

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

1 OUTSTANDING VOTING SECURITIES OF SUCH CORPORATION.

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

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

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

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

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

1 (A) THE INFORMATIONAL REQUIREMENTS OF SECTION 1403(C)(2) AND  
2 THE STANDARDS OF SECTION 1403(D)(2) SHALL APPLY;

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

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

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

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

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

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

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

30 (2) IF THE MERGER, CONSOLIDATION OR OTHER ACQUISITION OF

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

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

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

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

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

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

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

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

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

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

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

1 WAS RECEIVED.

2 SECTION 5. SECTION 1403(A), (B) AND (D), ADDED DECEMBER 18,  
3 1992 (P.L.1519, NO.178), ARE AMENDED TO READ:

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

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

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

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

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

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

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



1 DISCLAIMER OF CONTROL OR AFFIRMATIVELY FINDS THAT CONTROL DOES  
2 NOT EXIST AND SUCH DISCLAIMER ACTION OR AFFIRMATIVE FINDING IS  
3 COMMUNICATED BY THE DOMICILIARY INSURANCE DEPARTMENT TO THE  
4 INSURANCE DEPARTMENT OF THE COMMONWEALTH.

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

14 (IV) THE ACQUISITION OF ALREADY AFFILIATED PERSONS.

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

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

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

21 (C) IN NO MARKET WOULD:

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

24 (II) THE MARKET SHARE INCREASES BY MORE THAN TWO PER CENTUM  
25 (2%) OF THE TOTAL MARKET.

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

30 (VI) AN ACQUISITION FOR WHICH A PREACQUISITION NOTIFICATION

1 WOULD BE REQUIRED PURSUANT TO THIS SECTION DUE SOLELY TO THE  
2 RESULTING EFFECT ON THE OCEAN MARINE INSURANCE LINE OF BUSINESS.

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

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

13 \* \* \*

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

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

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

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

29	INSURER A	INSURER B
30	4%	4% OR MORE

1                    10%                    2% OR MORE  
2                    15%                    1% OR MORE; OR

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

5	INSURER A	INSURER B
6	5%	5% OR MORE
7	10%	4% OR MORE
8	15%	3% OR MORE
9	19%	1% OR MORE.

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

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

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

1 (B) ONE OF THE INSURERS INVOLVED IS ONE OF THE INSURERS IN A  
2 GROUPING OF SUCH LARGE INSURERS SHOWING THE REQUISITE INCREASE  
3 IN THE MARKET SHARE; AND

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

6 (III) FOR THE PURPOSES OF THIS PARAGRAPH:

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

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

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

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

1 UNDER THIS PARAGRAPH INCLUDE, BUT ARE NOT LIMITED TO, THE  
2 FOLLOWING: MARKET SHARES, VOLATILITY OF RANKING OF MARKET  
3 LEADERS, NUMBER OF COMPETITORS, CONCENTRATION, TREND OF  
4 CONCENTRATION IN THE INDUSTRY AND EASE OF ENTRY AND EXIT INTO  
5 THE MARKET.

6 ~~(3) [AN] EXCEPT FOR A MERGER, CONSOLIDATION OR ACQUISITION~~ ←  
7 ~~OF CONTROL INVOLVING A HOSPITAL PLAN CORPORATION OR PROFESSIONAL~~  
8 ~~HEALTH SERVICES PLAN CORPORATION, AN~~

9 (3) AN ORDER MAY NOT BE ENTERED UNDER SUBSECTION (E)(1) IF: ←

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

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

19 \* \* \*

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

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

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

30 (1) THE AUDITOR GENERAL OR A DESIGNEE.

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

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

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

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

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

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

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

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

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

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

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

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

1 EXPENSES INCURRED IN CONNECTION WITH THE PERFORMANCE OF THE  
2 DUTIES AS A MEMBER OF THE BOARD.

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

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

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

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

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

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

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

30 (III) DETERMINE THE AMOUNT OF RESERVES, SURPLUS AND ADMITTED

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

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

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

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

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

18 (1) FINDINGS AND RECOMMENDATIONS ON THE MERGER,  
19 CONSOLIDATION OR OTHER ACQUISITION OF CONTROL TO THE INSURANCE  
20 RESTRUCTURING BOARD, INCLUDING AN ANALYSIS OF WHETHER THE  
21 HOSPITAL PLAN CORPORATION OR PROFESSIONAL HEALTH SERVICES PLAN  
22 CORPORATION HAS MET ALL THE REQUIREMENTS OF SECTIONS 1402 AND  
23 1403.

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

29 (3) A WRITTEN DETERMINATION THAT THE MERGER, CONSOLIDATION  
30 OR OTHER ACQUISITION OF CONTROL WILL RESULT IN A SUSTAINED



1 BENEFIT FOR PENNSYLVANIA POLICYHOLDERS AND A WRITTEN FINDING  
2 THAT DESCRIBES THE REASON OR REASONS THE DEPARTMENT BELIEVES THE  
3 MERGER, CONSOLIDATION OR OTHER ACQUISITION OF CONTROL IS  
4 CONSISTENT WITH PUBLIC INTEREST.

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

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

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

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

1 (A) IN THE STATE TREASURY.

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

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

13 Section 5 7. Section 1703 of the act, added December 18, <—  
14 1992 (P.L.1519, No.178), is amended to read:

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

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

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

26 (i) are residents; or

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

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

1 (B) such insurers never held a license or certificate of  
2 authority in the states in which such persons reside;

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

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

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

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

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

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

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

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

1 Bond Yield Average averaged for the same four-year period or for  
2 such lesser period if the policy or contract was issued less  
3 than four (4) years before the association became obligated; and

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

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

15 (A) a Multiple Employer Welfare Arrangement as defined in  
16 section 514 of the Employee Retirement Income Security Act of  
17 1974;

18 (B) a minimum premium group insurance plan;

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

20 (D) an administrative services only contract.

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

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

30 (vii) Any unallocated annuity contract issued to an employe

1 benefit plan protected under the Federal Pension Benefit  
2 Guaranty Corporation.

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

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

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

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

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

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

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

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

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

1 individual if deceased, in the aggregate, three hundred thousand  
2 (\$300,000) dollars in annuity benefits, including one hundred  
3 thousand (\$100,000) dollars in net cash surrender and net cash  
4 withdrawal values.

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

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

13 SECTION 8. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ: <—

14 ARTICLE XXV

15 HEALTH CARE REPORTING

16 SECTION 2501. DEFINITIONS.

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

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

25 SECTION 2502. HOSPITAL PLAN CORPORATION.

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

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

8 SECTION 2503. PROFESSIONAL HEALTH SERVICES PLAN CORPORATION.

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

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

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

30 Section ~~7~~ 11. The amendment of section 1103 of the act shall <—

1 apply to all policies issued on or after the effective date of  
2 this act.

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

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

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

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

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

16 SECTION 14. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.