

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1167 Session of
2007

INTRODUCED BY BIANCUCCI, DeLUCA, KOTIK, GOODMAN, GIBBONS,
GRUCELA, CALTAGIRONE, HENNESSEY, JOSEPHS, KORTZ, MAHONEY,
NICKOL, READSHAW, SIPTROTH, WALKO AND WOJNAROSKI,
APRIL 25, 2007

REFERRED TO COMMITTEE ON INSURANCE, APRIL 25, 2007

AN ACT

1 Amending the act of May 17, 1921 (P.L.789, No.285), entitled, as
2 amended, "An act relating to insurance; establishing an
3 insurance department; and amending, revising, and
4 consolidating the law relating to the licensing,
5 qualification, regulation, examination, suspension, and
6 dissolution of insurance companies, Lloyds associations,
7 reciprocal and inter-insurance exchanges, and certain
8 societies and orders, the examination and regulation of fire
9 insurance rating bureaus, and the licensing and regulation of
10 insurance agents and brokers; the service of legal process
11 upon foreign insurance companies, associations or exchanges;
12 providing penalties, and repealing existing laws," further
13 defining "company action level event" for purposes of risk-
14 based capital reporting requirements.

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

17 Section 1. The definition of "company action level event" in
18 section 501-A of the act of May 17, 1921 (P.L.789, No.285),
19 known as The Insurance Department Act of 1921, added June 25,
20 1997 (P.L.349, No.40), is amended to read:

21 Section 501-A. Definitions.

22 The following words and phrases when used in this article
23 shall have, unless the context clearly indicates otherwise, the

1 meanings given to them in this section:

2 * * *

3 "Company action level event" means one or more of the
4 following events:

5 (1) The filing of an RBC report by an insurer that indicates
6 that:

7 (i) the insurer's total adjusted capital is greater than or
8 equal to its regulatory action level RBC but less than its
9 company action level RBC; [or]

10 (ii) if a life or health insurer, the insurer has total
11 adjusted capital that is greater than or equal to its company
12 action level RBC but less than the product of its authorized
13 control level RBC and 2.5 and has a negative trend[.]; or

14 (iii) if a property or casualty insurer, the insurer has
15 total adjusted capital that is greater than or equal to its
16 company action level RBC but less than the product of its
17 authorized control level RBC and 3.0 and a trend test result
18 that triggers regulatory attention, as determined in accordance
19 with the Trend Test Calculation included in the RBC
20 instructions.

21 (2) The notification by the Insurance Commissioner to the
22 insurer of an adjusted RBC report that indicates an event in
23 paragraph (1).

24 * * *

25 Section 2. This act shall take effect in 60 days.