

RULES AND REGULATIONS

Title 31—INSURANCE

INSURANCE DEPARTMENT

[31 PA. CODE CH. 86]

Premium and Retirement Deposit Funds

The Insurance Department (Department) amends Chapter 86 (relating to premium and retirement deposit funds). The Department is publishing the amendments as a final-form rulemaking.

Statutory Authority

The Department is amending Chapter 86 under the authority of sections 206, 506, 1501 and 1502 of The Administrative Code of 1929 (71 P. S. §§ 66, 186, 411 and 412) and sections 202 and 354 of The Insurance Company Law of 1921 (40 P. S. §§ 382 and 477b).

Comments and Response

A notice of proposed rulemaking was published at 30 Pa.B. 886 (February 19, 2000) with a 30-day comment period ending January 31, 2000. During the 30-day comment period, comments were received from the Insurance Federation of Pennsylvania, Inc. (IFP) in favor of the proposal.

During its regulatory review, the Independent Regulatory Review Commission (IRRC) did not submit comments to the Department.

Affected Parties

The rulemaking applies to insurers and fraternal benefit societies marketing life insurance policies and who are licensed to do the business of life insurance in this Commonwealth.

Fiscal Impact

State Government

There is no anticipated increase in cost to the Department resulting from the recognition within the modified chapter of flexible premium life insurance and annuity products. The establishment of limits for each type of premium payment contract should not substantially increase compliance monitoring by the Department.

General Public

There will be no adverse fiscal impact on consumers who purchase life insurance policies and annuity contracts and place money in the premium deposit funds or retirement deposit funds of the policies or contracts.

Political Subdivisions

The final-form rulemaking will have no fiscal impact on political subdivisions.

Private Sector

It is anticipated that the final-form rulemaking will have a fiscal impact on insurance companies and fraternal benefit societies to the extent that there will be, in contrast to prior practice, a clear limit on the amount of money that may be held by insurers under a premium deposit fund of a flexible premium life insurance policy. The Department believes it unlikely that this new limit will result in insurers collecting substantially less money in connection with life insurance policies.

Paperwork

The adoption of this final-form rulemaking will not impose additional paperwork on the Department or the insurance industry. Although the final-form rulemaking imposes additional deposit limits on premium deposit funds and retirement deposit funds, it does not impose additional requirements resulting in additional paperwork.

Effectiveness/Sunset Date

This final-form rulemaking becomes effective upon final publication in the *Pennsylvania Bulletin*. No sunset date has been assigned.

Contact person

Questions regarding this final-form rulemaking should be directed to Peter J. Salvatore, Regulatory Coordinator, Office of Special Projects, 1326 Strawberry Square, Harrisburg, PA 17120, (717) 787-4429. In addition, questions or comments may be E-mailed to psalvato@ins.state.pa.us or faxed to (717) 772-1969.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P. S. § 745.5(a)), on February 9, 2000, the Department submitted a copy of the notice of proposed rulemaking, published at 30 Pa.B. 886, to IRRC and to the Chairpersons of the House and Senate Committees for review and comment.

Under section 5(c) of the Regulatory Review Act, IRRC and the Committees were provided with copies of the comments received during the public comment period, as well as other documents when requested. In preparing these final-form regulations, the Department has considered all comments from IRRC, the Committees and the public.

Under section 5.1(d) of the Regulatory Review Act (71 P. S. § 745.5a(d)), on May 31, 2000, these final-form regulations were deemed approved by the House and Senate Committees. Under section 5.1(g) of the Regulatory Review Act, IRRC met on June 8, 2000, and approved the final-form regulations.

Findings

The Commissioner finds that:

(1) Public notice of intention to adopt this rulemaking as amended by this order has been given under sections 201 and 202 of the act of July 31, 1968 (P. L. 769, No. 240) (45 P. S. §§ 1201 and 1202) and the regulations thereunder, 1 Pa. Code §§ 7.1 and 7.2.

(2) The adoption of this rulemaking in the manner provided in this order is necessary and appropriate for the administration and enforcement of the authorizing statutes.

Order

The Commissioner, acting under the authorizing statutes, orders that:

(1) The regulations of the Department, 31 Pa. Code Chapter 86, are amended by amending §§ 86.2—86.4 and 86.10 to read as set forth at 30 Pa.B. 886.

(2) The Commissioner shall submit this order and 30 Pa.B. 886 to the Office of General Counsel and Office of

Attorney General for approval as to form and legality as required by law.

(3) The Commissioner shall certify this order and 30 Pa.B. 886 and deposit them with the Legislative Reference Bureau as required by law.

(4) The order shall take effect upon final publication in the *Pennsylvania Bulletin*.

M. DIANE KOKEN,
Insurance Commissioner

(Editor's Note: For the text of the order of the Independent Regulatory Review Commission, relating to this document, see 30 Pa.B. 3299 (June 24, 2000).)

Fiscal Note: Fiscal Note 11-188 remains valid for the final adoption of the subject regulation.

[Pa.B. Doc. No. 00-1240. Filed for public inspection July 21, 2000, 9:00 a.m.]