

RULES AND REGULATIONS

Title 31—INSURANCE

INSURANCE DEPARTMENT

[31 PA. CODE CH. 161]

Requirements for Qualified and Certified Reinsurers

The Insurance Department (Department) amends Chapter 161 (relating to requirements for qualified and certified reinsurers). This final-form rulemaking is made under the authority of sections 206, 506, 1501 and 1502 of The Administrative Code of 1929 (71 P.S. §§ 66, 186, 411 and 412), regarding the general rulemaking authority of the Department, and section 319.1 of The Insurance Company Law of 1921 (act) (40 P.S. § 442.1), regarding credits for reinsurance.

Purpose

The purpose of this final-form rulemaking is to update Chapter 161 to delete the requirement that a reinsurer be listed on the successor list to the Non-Admitted Insurance Listing (now known as the “Quarterly Listing of Alien Insurers”) published by the National Association of Insurance Commissioners (NAIC) to be considered for qualification under section 319.1 of the act. This final-form rulemaking deletes the administrative requirement and conforms the Commonwealth’s regulation to the model law and regulation developed by the NAIC entitled “Credit for Reinsurance Model Law” (# 785) and “Credit for Reinsurance Model Regulation” (# 786), respectively.

Comments and Responses

Notice of the proposed rulemaking was published at 45 Pa.B. 4763 (August 15, 2015) with a 30-day public comment period. Comments were received from the Insurance Federation of Pennsylvania and Lloyds America, Inc. expressing support for the amendments. Additionally, a comment was received from the Pennsylvania Association of Mutual Insurance Companies indicating no objection to the amendments.

The Independent Regulatory Review Commission (IRRC) did not have objections, comments or recommendations regarding the proposed rulemaking.

Affected Parties

Although Chapter 161 applies to insurance companies domesticated in this Commonwealth and the reinsurers with whom they do business, this final-form rulemaking applies only to any alien insurer seeking to be deemed a “qualified” reinsurer by the Insurance Commissioner (Commissioner).

Fiscal Impact

State government

There will be no material increase in cost to the Department as a result of this final-form rulemaking.

General public

While Chapter 161 does not have immediate fiscal impact on the general public, the general public will benefit to the extent that removing an unnecessary administrative requirement for reinsurers that are financially solvent and licensed in well-regulated jurisdiction

will reduce the cost of reinsurance to ceding insurers in this Commonwealth and reduce trade barriers allowing for more competition in the reinsurance marketplace.

Political subdivisions

This final-form rulemaking will not impose additional costs on political subdivisions.

Private sector

This final-form rulemaking will not impose significant costs on the transaction of business in this Commonwealth.

Paperwork

This final-form rulemaking will not impose additional paperwork on the Department.

Effectiveness/Sunset Date

The final-form rulemaking will become effective on June 13, 2016. The Department continues to monitor the effectiveness of regulations on a triennial basis; therefore, a sunset date has not been assigned.

Contact Person

Questions or comments concerning this final-form rulemaking may be addressed in writing to Bridget E. Burke, Regulatory Coordinator, 1341 Strawberry Square, Harrisburg, PA 17120, fax (717) 772-1969, briburke@pa.gov.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P.S. § 745.5(a)), on August 5, 2015, the Department submitted a copy of the notice of proposed rulemaking, published at 45 Pa.B. 4763, to IRRC and the Chairpersons of the Senate Banking and Insurance Committee and the House Insurance Committee for review and comment.

Under section 5(c) of the Regulatory Review Act, the Department shall submit to IRRC and the House and Senate Committees copies of comments received during the public comment period, as well as other documents when requested. In preparing the final-form rulemaking, the Department has considered all comments from the public.

Under section 5.1(j.2) of the Regulatory Review Act (71 P.S. § 745.5a(j.2)), on January 20, 2016, the final-form rulemaking was deemed approved by the House and Senate Committees. Under section 5(g) of the Regulatory Review Act, the final-form rulemaking was deemed approved by IRRC effective January 20, 2016.

Findings

The Commissioner finds that:

(1) Public notice of intention to adopt this final-form rulemaking was 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 final-form 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:

(a) The regulations of the Department, 31 Pa. Code Chapter 161, are amended by amending § 161.3 to read as set forth at 45 Pa.B. 4763.

(b) The Commissioner shall submit this order and 45 Pa.B. 4763 to the Office of General Counsel and the Office of Attorney General for approval as to legality and form as required by law.

(c) The Commissioner shall certify this order and 45 Pa.B. 4763 and deposit them with the Legislative Reference Bureau, as required by law.

(d) The final-form regulation adopted by this order shall take effect on June 13, 2016.

TERESA D. MILLER,
Insurance Commissioner

(Editor's Note: See 46 Pa.B. 729 (February 6, 2016) for IRRC's approval order.)

Fiscal Note: 11-253. No fiscal impact; (8) recommends adoption.

[Pa.B. Doc. No. 16-819. Filed for public inspection May 13, 2016, 9:00 a.m.]