

LEG REG REVIEW

2024, 17th Issue, August 28, 2024

LEG REG REVIEW is a periodic newsletter produced by Vince Phillips who retired from active lobbying after 31 years of advocacy in Harrisburg. It contains news on the legislative and regulatory scene in Pennsylvania that may be of interest to the Insurance and Business Communities. Annual subscriptions are \$100 and information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 or e-mail to xenobun@aol.com.

GENERAL LEGISLATIVE UPDATE

The PA Senate will not return to Harrisburg until September 16. The House of Representatives will resume legislative work on September 23. Until then, there is little committee activity and a great deal of political activity as candidates campaign for the November election.

A special election will be held September 17 for two vacant Philadelphia Democratic House seats, Districts 195 and 201. House Republicans now have a technical majority since House Democrats only had a one-seat majority before the two resignations. The two vacancies will be filled by Democrats Keith Harris (195th) and Andre Carroll (201st) given overwhelming Democratic registrations and no Republican candidates. When elected, Harris and Carroll will serve out the remainder of the vacant terms until November 30. They would need to be re-elected in November's General Election for the full two-year term. Control of the House will remain with Democrats since the special elections are being held before the session reconvenes.

Long-time Democratic House Member Mike Sturla (Lancaster) announced August 13 that he will be retiring at the end of this legislative session. He has held that seat since 1991 and served as the Democratic Policy Committee Chair until he was defeated within his caucus for the current 2023-24 session. District 96 has a Democratic plurality. In the 2024 primary, Sturla was unopposed in the Democratic primary and received 5,568 votes. Eric Beezer, the Republican nominee, was unopposed in his primary and received 3,718 votes. Democrats appointed long-time teacher and Manheim Township School Board President Nikki Rivera to replace Sturla as their nominee in the fall election.

INSURANCE REGULATORY NEWS

Because the General Assembly will not be in session until mid (Senate) and late September (House), this issue of LEG REG Review focuses on regulatory developments of interest to the Insurance Community.

WC SECURITY FUND REFUNDS

Per **Act 54 of 2024 (House Bill 2310 - Takac-D-Centre)**, the Insurance Department will be issuing a refund of the 2009 Workers Compensation Security Fund assessment to at least 291 eligible carriers that paid the assessment as required by Notice 2010-01 issued January 16, 2010. The refund includes the original payment plus 1.13 percent simple interest from March 10, 2010 to August 24, 2024. Carriers wishing the refund (or their successor in case the original company is no longer operating under its 2009 NAIC number) must make the request to the PA Insurance Department by February 24, 2025. A separate application must be made by each carrier and the Workers Compensation Security Fund will issue the refunds within 60 days of when the refund application is received by the Department. Carriers may wish to review the list of eligible carriers at <https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol54/54-34/1194.html#>.

A link to the refund application follows:

<https://www.insurance.pa.gov/SpecialFunds/WorkersCompensation/Pages/2009-Assessment-Refund.aspx>.

IRRC ISSUED EXCHANGE QUESTIONS

The Independent Regulatory Review Commission (IRRC) issued comments/questions on the PA Health Insurance Authority's plans to achieve equity in Pennie, the PA Exchange:

<https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol54/54-31/1097.html>.

MORE WC REGULATORY NEWS

On August 23, the PA Insurance Department issued Notice 2024-14 regarding the reporting of Schedule “W” Data Call Information. This reporting is used to determine carrier assessments for these Workers Compensation Funds : Subsequent Injury Fund, Supersedeas Fund, WC Administration Fund, Uninsured Employers Guaranty Fund, and the Office of Small Business Advocate. Notice 2024-14 states that the data call was updated to remove certain outdated parts of the required data call. The information is due in mid-April, using the updated reporting form. Details: Bureau of Market Regulation at ra-in-markregulation@pa.gov.

Notice 2024-10 stated that no contributions /assessments are required during 2024 to maintain the balance of the Workers Compensation Security Fund. The PA Workers Compensation Act specifies that if this Fund has a balance of \$500 million or more, no contribution from WC carriers is necessary. A December 31, 2023 financial evaluation of the Workers Compensation Fund showed that the Fund’s balance exceeded \$500 million.

REGULATORY UPDATES

- The Department received a request to approve a merger of Ohio-based North American Swiss Alliance into PA domiciled GBU Financial Life. GBU is a fraternal life insurance company.
- The PA Insurance Department and other state agencies are legally required to post the pending regulations on which they are working. Following is PID’s list”

Pennsylvania Insurance Department (PID)

Producer Licensing Modernization Regulatory Updates	Fall 2024, as Final	Repeal outdated regulations and replace with a new chapter implementing sections 601-A—699.1-A of the Insurance Department Act of 1921 (40 P.S. §§ 310.1—310.99a), which will set forth requirements and standards for insurance producers in this Commonwealth. The regulation was published as proposed on May 11, 2024. Comments have been received and are being considered by PID.	Caroline Beohm Policy Director (717) 787-0164
Underground Storage Tank Indemnification Fund (USTIF) Regulations	Summer 2024, as Proposed	Amend regulation to clarify USTIF and TIIP eligibility requirements by incorporating Pennsylvania appellate court decisions and to also require that underground storage tanks be registered under Section 503 of the Tank Act within 60 days of when a release is confirmed. The USTIF Board is anticipated to approve the publication of the regulation in proposed form at a special meeting.	Caroline Beohm Policy Director (717) 787-0164
Rating on Unknown Risk Classifications	Fall 2024, as Proposed	Promulgate a new regulation to clarify the Department's interpretation that a rate is considered to be "excessive, inadequate or unfairly discriminatory" pursuant to state rate approval statutes if the insurer rates on an unknown risk classification. Conceptual regulatory provision and background provided to GPO. Regulation and preamble currently being drafted.	Caroline Beohm Policy Director (717) 787-0164
Repeal of Chapter 61	Fall 2024, possibly as Final-Omitted	Repeal of Chapter 61 (Notices for and Appeals of Cancellations and Refusal to Renew Certain Automobile Insurance Policies). No regulations were implemented under Article XX of The Insurance Company Law of 1921 (40 P.S. §§ 991.2001—991.2013) and the previous law under which Chapter 61 was promulgated was replaced by Article XX, Chapter 61 no longer has the force and effect of law as found in <i>Cain v. Insurance Department</i> , 811 A.2d 38 (Pa. Cmwlth. 2002); appeal denied 822 A.2d 705, (Pa. 2003).	Caroline Beohm Policy Director

PennDOT NOTE: On August 17, the comment period for the PennDOT Highly Automated Vehicle Guidelines closed after a brief ten-day comment period. The Department said August 10 that it will publish final guidance at <https://penndot.gov/av> after comments are reviewed.