

LEG REG REVIEW

2023, 15th Issue July 26, 2023

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.

BUDGET STILL AT STANDSTILL

As of this writing, PA still does not have a State Budget for FY 2023-24 which began July 1st. The reason is that Senate Republicans cried foul when Governor Josh Shapiro said he planned to sign **House Bill 611** (Jordan-D-Phila.) into law AFTER he used his line-item veto to eliminate \$100 million for scholarships for attendees from underperforming schools to attend charter schools. The outrage comes from what Republicans saw as a promise by the Governor to accept this school choice line item and a broken promise because of pressure from House Democrats and labor unions such as PSEA.

Specifically, HB 611 passed both House and Senate but both chambers must sign the bill before it can go to the Governor. Senate majority Republicans said no to the Senate's signature, leading to the current stand-off.

HOUSE IS NOW AT A PARTISAN TIE

On July 19, Allegheny County Democratic Representative Sara Innamorato announced her recognition from the House as she is seeking the office of Allegheny County Executive in the November election. Her departure means the House Democrats lost their one-vote majority, The chamber is now tied 101 Democrats and 101 Republicans. Speaker McClinton set September 19 as the date for a special election in this Democratic district. This presents a complication for the House. Realistically, it cannot return to the Capitol until after that special election since doing so before then puts Democrats at risk since they no longer have a majority. September 26 is the next date for which the House has scheduled a session day.

In addition, State Budget related bills will not see action either since legislation changing the Code enables the State Budget to go into effect. Where 'new money' programs are created, the Fiscal Code must be amended to allow for that change. Changes in the Administrative Code are necessary to allow authorization for numbers of new programs to be established. All this means that even if Senate Republicans acquiesce, the State Budget is stymied until middle September because the necessary Code 'enabler' bills need to be voted on as well.

COMMITTEE WORK

In this summer recess, committee work has come to a virtual standstill. Neither the House Insurance Committee nor the Senate Banking & Insurance Committee has a meeting scheduled. Only one House committee has a scheduled meeting (see below). The Senate has three listed:

- **August 1:** Senate Veterans Affairs & Emergency Preparedness has a hearing on **House Bill 792** (Robinson-R-Allegheny). The bill addresses urban search and rescue teams in western PA. Location: Coraopolis.
- **August 9:** A joint meeting of the House and Senate Agriculture & Rural Affairs Committees is being held at AG Progress Days in Pennsylvania Furnace, PA. The subject will be the Federal Farm Bill.
- **August 13:** The Senate Democratic Policy Committee will address the prevalence of so-called 'skill games' in PA. Location: Radnor, PA.

INTERCONNECTED SMOKE ALARM MANDATE EXTENDED

A July 7 compliance date for in-home childcare facilities to have hardwired connected smoke alarms has been extended until September 6, 2023 per **Act 3 of 2023 (Senate Bill 226 – Robinson-R-Allegheny)**. This is an amendment to the Fire & Panic Act as amended by **Act 42 of 2022** which had a one-year compliance date.

DEPARTMENT ISSUES EXAM PER DIEM SCHEDULE

The PA Insurance Department issued Notice 2023-10 and Notice 2023-11 listing per diem charges for Market Conduct and Financial Examinations, effective July 1, 2023.

Financial Exam

Financial Examiner Trainee	\$652
Fin. Examiner 1/Actuarial Assoc.	\$825
Fin. Examiner 2/Actuarial Assoc.	\$970
Fin. Examiner3/Actuary Admin.	\$1,251
Fin. Examiner Manager/Actuary	\$1,320
Chief Actuary	\$1,650

Market Conduct Exam

Examiner Trainee	\$700
Admin. Officer 2	\$918
Examiner 1	\$823
Examiner 2	\$972
Division Chief	\$1,064

REGULATORY UPDATES

- Risant Health, Inc. has filed an application to acquire control of Geisinger Health Plan, Geisinger Quality Options, Inc., and Geisinger Indemnity Insurance Company. Details/Comment: kimscheaffe@pa.gov.
- The Department issued Notice 2023-12 listing the guide source providers approved to calculate replacement value of total loss or unrecovered vehicles. The Motor Vehicle Physical Damage Appraiser Act species that an updated list be published annually in the PA Bulletin. Questions? Bureau of Consumer Services, 877-881-6388, ra-insresponse@pa.gov.
- The PA Compensation Rating Bureau (PCRB) filed a revised experience rating plan (Loss-Cost) for Workers Compensation. If approved, the eligibility criteria for experience rating plans would take effect April 1, 2024. Questions/Comments: Eric Zhou, Office of Insurance Product Regulation, gzhou@pa.gov or www.pcrb.com ('Industry Resources', then 'Filings').
- On July 22, the Department issued the Private Passenger Automobile Data Call for 2022. This information is due to the PA Insurance Department by October 16, 2023. Details: www.insurance.pa.gov (Select Companies, then 'Industry Activity', then 'Data Calls' under 'Product and Rate Activity.'). Contact person is Dennis Sloand, Bureau of P/C Insurance, 717-214-1927, desloand@pa.gov.

DEPARTMENT PUBLISHES EXPORT LIST

On July 15, the PA Insurance Department published the Export List. These are coverages deemed by the Department to be generally unavailable in the standard insurance market. Pennsylvania's Surplus Lines law requires a 'diligent search' among insurers licensed to do business in PA before an insurance producer may go to a Surplus Lines licensee (broker) UNLESS the type of coverage is on the Export List. Currently, there are 41 types of insurance coverage on the Export List. These range from Day Care Centers including Sexual Abuse coverage to monoline Dog Bite Liability Insurance to Tattoo Parlors. Contact: Lori Rumpf, lrumpf@pa.gov.

SURPLUS LINES FEE BILL INTRODUCED

On July 25, **House Bill 1595** (Boyle-D-Phila. and Pickett-R-Bradford) was introduced and referred to the House Insurance Committee. This legislation intends to supersede a PA Supreme Court decision in Woodruff v. Insurance Department that prevents surplus lines licensees from charging a fee. The sponsorship memo says *"The ruling established broad precedent that is impacting surplus lines brokers who had nothing to do with the underlying case. As a result, Pennsylvania is the only state in the country that does not allow surplus lines brokers to recoup their costs when seeking insurance not available on the admitted market and brokers will find it increasingly difficult to remain in business."*

HB 1595 has six sponsors, all of whom except for Minority Chair Pickett are Democrats. In addition to Majority Chair Boyle and the Minority Chair, an additional sponsor, Rep. Arvind Venkat (D-Allegheny), serves on the House Insurance Committee.