

SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	3-17-75

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ATTENTION:

LEGISLATIVE SECRETARY
GOVERNOR'S OFFICE
COMMONWEALTH OF PENNSYLVANIA

THIS SUMMARY IS:

- AN OPINION
 A JUSTIFICATION

OF:

- A PROPOSED AMENDMENT
 PROPOSED LEGISLATION
 PENDING LEGISLATION

FROM:

Benn Prybutok, Legislative Liaison
Insurance Department
Tier 4, Finance Building

Telephone: 787-3485 and 787-6174

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APPROVED BY	DATE
ATTORNEY GENERAL	
BUDGET SECRETARY	

A. PENDING LEGISLATION: House Bill 656 (Pr.#735)

OR BILL NUMBER: Insurance Department - sponsored

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)

Amending the act of May 17, 1921 (P.L.682, No. 284) further regulating reinsurance.

C. PREVIOUS HISTORY

Sponsors: Hutchinson, Schmitt, Gillette, et.al.; Referred to House Committee on Consumer Protection, March 5, 1975; Introduced, March 4, 1975.

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY -- USE ADDITIONAL SHEETS IF NECESSARY)

This piece of legislation is needed to remedy certain abuses associated with reinsurance by domestic stock or mutual insurance companies. It will only permit such domestic insurance companies to reinsure all or any part of its liability with an insurer authorized to transact the same or similar kind of business in Pennsylvania. The Bill amends section 319 of the Insurance Company Law of 1921.

As presently enacted, section 319 permits reinsurance with any domestic or foreign insurance company which is of equal solvency standard. This has permitted reinsurance by domestic insurance companies with foreign insurance companies which have not been or would not be authorized to transact an insurance business in Pennsylvania.

Also, the proposed amendment would bring the Pennsylvania Law into conformity with the existing provision of a majority of other states and make uniform reported entries in the annual financial statement blank used in all fifty states.

SIGNATURE

SUBMITTED BY:

DATE FILED:

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