

AMENDMENTS TO HOUSE BILL NO. 18

Sponsor: REPRESENTATIVE LONGIETTI

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1 Amend Bill, page 1, line 9, by striking out "and,"

2 Amend Bill, page 1, line 10, by striking out the period after
3 "review" and inserting

4 ; and, in insurance rates, further providing for declaration of
5 policy and providing for reserve accounts.

6 Amend Bill, page 7, line 16, by striking out "Section 420 of
7 the act is amended to read:" and inserting

8 Sections 420 and 701 of the act are amended to read:

9 Amend Bill, page 8, by inserting between lines 17 and 18

10 Section 701. It is the intent of the General Assembly:

11 (1) To protect policyholders and the public against the
12 adverse effect of excessive, inadequate or unfairly
13 discriminatory rates.

14 (2) To encourage, as the most effective way to produce rates
15 that conform to the standards of paragraph (1), independent
16 action by and reasonable price competition among insurers.

17 (3) To provide formal regulatory controls for use if price
18 competition fails.

19 (4) To authorize cooperative action among insurers in the
20 ratemaking process and to regulate such cooperation in order to
21 prevent practices that tend to bring about monopoly or to lessen
22 or destroy competition.

23 (5) To provide rates that are responsive to competitive
24 market conditions and to improve the availability of insurance
25 in this Commonwealth.

26 (6) To ensure that reserve practices of insurers are based
27 upon reasonably anticipated charges and that policyholders and
28 insureds receive any excess reserves.

29 Section 2.1. The act is amended by adding a section to read:

30 Section 723. (a) An insurer may not create a reserve
31 account against a claim brought under this act except upon the
32 basis of charges reasonably anticipated to be made. Reserves may
33 not exceed anticipated allowable charges for medical services

1 and indemnity payments.

2 (b) Upon the closing of any claim under this act, if actual
3 payment for medical services or indemnity payments attributable
4 to the claim is less than the reserve established for the claim,
5 net of allocated loss adjustment expenses actually paid in
6 addition to medical charges, the insurer shall remit to the
7 insured, or the account of the insured, the difference. The
8 intent of this section is that a reserve excess attributable to
9 the difference between the charges reserved and charges actually
10 paid for medical services and indemnity payments shall result in
11 benefit exclusively to the account of the insured.