

JOHN R. MCGINLEY, JR., ESQ., CHAIRMAN  
ALVIN C. BUSH, VICE CHAIRMAN  
ARTHUR COCCODRILLI  
ROBERT J. HARBISON, III  
JOHN F. MIZNER, ESQ.  
ROBERT E. NYCE, EXECUTIVE DIRECTOR  
MARY S. WYATTE, CHIEF COUNSEL



PHONE: (717) 783-5417  
FAX: (717) 783-2664  
irrc@irrc.state.pa.us  
<http://www.irrc.state.pa.us>

**INDEPENDENT REGULATORY REVIEW COMMISSION**  
333 MARKET STREET, 14TH FLOOR, HARRISBURG, PA 17101

July 12, 2001

Honorable M. Diane Koken, Commissioner  
Insurance Department  
1326 Strawberry Square  
Harrisburg, PA 17120

Re: Regulation #11-186 (IRRC #2050)  
Insurance Department  
Discounting Workers' Compensation Loss Reserves

Dear Commissioner Koken:

The Independent Regulatory Review Commission approved your regulation on July 12, 2001.  
Our Order is enclosed and is available on our website at [www.irrc.state.pa.us](http://www.irrc.state.pa.us).

We appreciate the joint effort that went into producing a regulation that meets the criteria and intent of the Regulatory Review Act.

Sincerely,

  
John R. McGinley, Jr.

Chairman

wbg

Enclosure

cc: Honorable Nicholas A. Micozzie, Majority Chairman, House Insurance Committee  
Honorable Anthony DeLuca, Democratic Chairman, House Insurance Committee  
Honorable Edwin G. Holl, Chairman, Senate Banking and Insurance Committee  
Honorable Jack Wagner, Minority Chairman, Senate Banking and Insurance Committee

**INDEPENDENT REGULATORY REVIEW COMMISSION  
APPROVAL ORDER**

Commissioners Voting:

Public Meeting Held July 12, 2001

John R. McGinley, Jr., Chairman  
Alvin C. Bush, Vice Chairman  
Arthur Coccodrilli  
Robert J. Harbison, III  
John F. Mizner, by Phone

Regulation No. 11-186  
Insurance Department  
Discounting Workers' Compensation  
Loss Reserves

On August 3, 1999, the Independent Regulatory Review Commission (Commission) received this proposed regulation from the Insurance Department (Department). This rulemaking amends 31 Pa. Code Chapter 116. The proposed regulation was published in the August 14, 1999 *Pennsylvania Bulletin* with a 30-day public comment period. The final-form regulation was submitted to the Commission on April 19, 2001. The Department, by letter received May 16, 2001, withdrew the regulation. The Department resubmitted a revised final-form regulation on June 14, 2001.

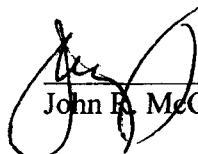
The Department is amending an existing, outdated regulation that contains specific standards for valuing and discounting workers' compensation insurance reserves. This rulemaking will replace those standards with basic parameters that recognize current economic and financial conditions.

We have determined this regulation is consistent with the statutory authority of the Insurance Department (71 P.S. § 186 and 40 P.S. §§ 92 and 112) and the intention of the General Assembly. Having considered all of the other criteria of the Regulatory Review Act, we find promulgation of this regulation is in the public interest.

**BY ORDER OF THE COMMISSION:**

This regulation is approved.



  
\_\_\_\_\_  
John R. McGinley, Jr., Chairman