

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

February 15, 2001

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

Re: Regulation #11-197 (IRRC #2154)  
Insurance Department  
Discounting Medical Malpractice Loss Reserves

Dear Commissioner Koken:

Enclosed are our Comments. They will soon be available on our website at [www.irrc.state.pa.us](http://www.irrc.state.pa.us).

Our Comments list objections and suggestions for consideration when you prepare the final version of this regulation. We have also specified the regulatory criteria which have not been met. These Comments are not a formal approval or disapproval of the proposed version of this regulation.

If you would like to discuss these Comments, please contact my office at 783-5417.

Sincerely,

A handwritten signature in black ink that reads "Robert E. Nyce".

Robert E. Nyce  
Executive Director  
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  
Pete Salvatore, Regulatory Coordinator, Department of Insurance

# **Comments of the Independent Regulatory Review Commission**

**on**

**Insurance Department Regulation No. 11-197**

**Discounting Medical Malpractice Loss Reserves**

**February 15, 2001**

We submit for your consideration the following objections and recommendations regarding this regulation. Each objection or recommendation includes a reference to the criteria in the Regulatory Review Act (71 P.S. § 745.5a(h) and (i)) which have not been met. The Insurance Department must respond to these Comments when it submits the final-form regulation. If the final-form regulation is not delivered by November 20, 2002, the regulation will be deemed withdrawn.

## **Section 118.3. Restrictions on discounting loss reserves. – Reasonableness; Implementation procedure.**

Paragraph (4) states, “An insurer may not discount loss reserves or loss adjustment expense reserves for policies with an effective date on or after January 1, 2001.” We understand that the date of January 1, 2001, is consistent with the standards of the National Association of Insurance Commissioners. However, as this regulation is still in proposed form, it could not have taken effect on that date. We recommend that Paragraph (4) be revised to apply prospectively to policies that become effective after the date of final publication of the regulation.

---

# INDEPENDENT REGULATORY REVIEW COMMISSION

**To:** Pete Salvatore OR  
Terry Seneca  
**Agency:** Insurance Department  
**Phone:** (717) 787-4429  
**Fax:** (717) 772-1969

**From:** Kristine M. Shomper  
Administrative Officer  
**Company:** Independent Regulatory Review  
Commission  
**Phone:** (717) 783-5419 or (717) 783-5417  
**Fax:** (717) 783-2664

**Date:** February 15, 2001  
**# of Pages:** 3

**Comments:** We are submitting the Independent Regulatory Review Commission's comments on the Insurance Department's regulation #11-197 (IRRC #2154). Upon receipt, please sign below and return to me immediately at our fax number 783-2664. We have sent the original through interdepartmental mail. You should expect delivery in a few days. Thank you.

Accepted by: *Pete Salvatore* Date: 2/15/01