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

May 17, 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:

The Independent Regulatory Review Commission approved your regulation on May 17, 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 met the criteria and intent of the Regulatory Review Act.

Sincerely,

John R. McGinley, Jr.

Chairman

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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 May 17, 2001

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

Regulation No. 11-197  
Insurance Department  
Discounting Medical Malpractice  
Loss Reserves

On October 11, 2000, the Independent Regulatory Review Commission (Commission) received this proposed regulation from the Insurance Department (Department). This rulemaking amends 31 Pa. Code §§ 118.1-118.3 and 118.6. The proposed regulation was published in the October 21, 2000 *Pennsylvania Bulletin* with a 30-day public comment period. Pursuant to Section 5(e) of the Regulatory Review Act (71 P.S. § 745.5(e)), the Department resubmitted the proposed regulation on January 25, 2001. The final-form regulation was submitted to the Commission on April 19, 2001.

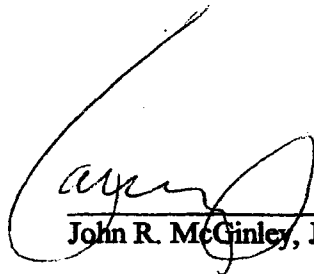
This final-form regulation amends Chapter 118 to prohibit discounting loss reserves on medical malpractice insurance policies. The regulation also establishes a period during which existing discounts will be phased out.

We have determined this regulation is consistent with the statutory authority of the Department (40 P.S. §§ 92, 112 and 443(a)(2), and 71 P.S. §§ 66, 186, 411 and 412) 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.



  
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John R. McGinley, Jr., Chairman