

Original: 2279



VIA FACSIMILE: 717.772.1969

August 12, 2002

Peter J. Salvatore, Regulatory Coordinator
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

RE: Proposed Rule – Workers Compensation Security Fund, Chapter 165

Dear Mr. Salvatore:

The Alliance of American Insurers is a national insurance trade association representing over 325 property/casualty insurers. Our member companies write approximately 14 percent of the workers compensation market in Pennsylvania. Thank you for the opportunity to comment on the proposed rule for the administration of the Workers Compensation Security Fund.

The proposed rule, in most, but not all respects is consistent with the statutory provisions. Section 165.7 relating to insurer assessments is not consistent with the statute provisions under 77 P.S. 1055 which limits the assessment on an insurer to one per centum of its net written premiums for the period covered by its annual return. The statute also provides for the elimination of the assessment when the aggregate amount of payments into the fund, along with accumulated interest, less expenditures and known liabilities, is equal to five percent of the loss reserves of all insurers and reciprocal exchanges. When the amount in the fund is reduced below the five percent of such loss reserves, the assessment on insurers is resumed. Since the remainder of the rule mirrors the statutory provisions, section 165.7 should also mirror the statutory provisions relating to the contributions made to the fund by insurers.

The Alliance recommends that the language in section 165.7(b) clearly state that assessments on each insurer is limited to one per centum of its net written premiums for the period covered by its annual return. The rule should also address the elimination and resumption of the assessment on insurers based on the criteria established by the statute. By including this clarifying language, confusion on insurer contributions to the fund should be eliminated.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Judy Grimes".

Judy Grimes
Policy Manager – Workers Compensation

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John R. Doubman
Secretary & Counsel

August 13, 2002

Peter J. Salvatore
Regulatory Coordinator
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Re: Regulation 11-210
31 Pa. Code Chapter 165
Workers' Compensation Security Fund

Dear Mr. Salvatore:

The Insurance Federation appreciates the opportunity to submit comments on the Department's proposed regulation adding Chapter 165 on the Workers' Compensation Security Fund to 31 Pa. Code.

The Federation represents many of the workers' compensation carriers subject to the assessment provisions contained in the regulation. We believe that the regulation's enabling statute, Act 49 of 2000, was an important piece of legislation ensuring that objective standards are used in determining when Fund assessments are necessary.

As the Department has grounded its regulation at Chapter 165 closely in the language of Act 49, the Federation has no comments to the Department's proposed language. We support prompt promulgation of the Chapter and look forward to working with the Department on areas of mutual concern during its implementation.

Sincerely,

John R. Doubman

c: Robert J. Nyce, Executive Director
Independent Regulatory Review Commission