



Testimony before the Senate Banking and Insurance Committee

**Public Hearing Senate Bill 1441
Bail Bondsmen Regulation**

Presented by:

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Good morning Chairman White, Chairman Stack and Members of the Senate Banking and Insurance Committee. My name is Art McNulty and I am the Deputy Insurance Commissioner for Market Regulation at the Pennsylvania Insurance Department. Accompanying me today is Jack Yanosky, the Department's Director of Licensing and Enforcement. Thank you for the opportunity to provide public comment on Senate Bill 1441 (SB 1441), which provides for regulation of the Bail Bondsmen industry in Pennsylvania.

By way of background, I'd like to discuss how bail bondsmen are currently licensed and regulated, and how the changes proposed in SB 1441 would impact this process. Currently there are separate licenses for "professional" or "property" bondsmen and for "surety" bondsmen.

Professional bondsmen are those who issue bonds on their own behalf using their own assets as collateral. Surety bondsmen are licensed insurance producers that issue bonds on behalf of a licensed surety company.

Because professional bondsmen are not considered licensed producers, they have other requirements that are outlined in the Pennsylvania Professional Bondsmen Act. This Act provides

No license shall be issued to, and no privileges or rights conferred by any license issued under the provisions of this subchapter shall be exercise by, any professional bondsman, unless such professional bondsmen has and shall thereafter maintain an office in the county in which he conducts or intends to conduct his business.

Professional bondsmen need a license from the state, which is issued by the Insurance Department, and they also must register in the county in which they wish to post bonds. They also must have an office in the county as specified in the Pennsylvania Professional Bondsman Act.

SB 1441 would streamline and modernize the licensing of bail bondsmen by discontinuing these separate licenses. Instead, the bill requires every bondsman to be licensed as an insurance producer with a casualty line of authority and to issue bonds only under a power of authority granted by a qualified insurance company that has satisfied the minimum capital and surplus requirements necessary for licensure.

Currently, the asset requirement for "professional" bondsmen varies between counties but is typically around \$25,000, which the professional bondsman must place into escrow. However, once deposited, there is no limit on the number or amount of bonds that the professional bondsman can issue. In some instances, when a bondsman has forfeited on multiple bonds, this results in a situation where the amount of money demanded by the county far exceeds the bondsman's ability to pay.

Requiring every bondsman to be licensed as an insurance producer and to issue bonds only on behalf of a licensed surety company will help to ensure that the entity issuing those bonds has sufficient financial assets to cover them and will serve to reduce the overall number of forfeited and unpaid bonds owing to the counties.

SB 1441 strengthens the tools and resources of county officials to enforce and collect upon unpaid bail forfeitures. It also provides county officials with the legal authority they need to address situations where a bondsman repeatedly fails to make payment by suspending or revoking the bail bondsman's authority to do business in that county or, in the worst cases, by obtaining a judicial order directing the Insurance Department to suspend or revoke the bail bondman's license statewide. This latter process is similar to existing mechanisms to enforce child-support obligations for all state licensees, including insurance producers.

Finally, SB 1441 also establishes a narrow "safe harbor" that will permit law enforcement personnel to assist bail bondsmen in fugitive recovery provided it is done on their own time, they are separately compensated, and they are neither "in uniform" nor show their badge when engaging in this activity.

The Insurance Department has been grateful for the opportunity to work with this legislation's prime sponsors, Senators Alloway and Stack, as well as industry stakeholders on the development of this legislation and we would like to thank them for their efforts to modernize the bail bondsmen licensing process in the Commonwealth. We will be happy to answer any questions you may have at this time.