

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1523 Session of  
1989

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J. TAYLOR, HASAY, EVANS, RITTER AND OLASZ, MAY 23, 1989

REFERRED TO COMMITTEE ON INSURANCE, MAY 23, 1989

AN ACT

1 Establishing a uniform procedure for review by the Insurance  
2 Commissioner of certain rate filings and policy form filings;  
3 and making repeals.

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9 The General Assembly of the Commonwealth of Pennsylvania  
10 hereby enacts as follows:

11 Section 1. Short title.

12 This act shall be known and may be cited as the Insurance  
13 Rate and Policy Form Review Procedures Act.

14 Section 2. Definitions.

15 The following words and phrases when used in this act shall  
16 have the meanings given to them in this section unless the  
17 context clearly indicates otherwise:

18 "Commissioner." The Insurance Commissioner of the  
19 Commonwealth.

20 "Department." The Insurance Department of the Commonwealth.

21 Section 3. Scope.

22 (a) Rate filings.--This act shall apply to all rate filings,  
23 including deviation filings, required by sections 616 and 621.4,  
24 Article VI(d) and Article VII of the act of May 17, 1921  
25 (P.L.682, No.284), known as The Insurance Company Law of 1921,  
26 the act of June 11, 1947 (P.L.538, No.246), known as The  
27 Casualty and Surety Rate Regulatory Act, and the act of June 11,  
28 1947 (P.L.551, No.247), known as The Fire, Marine and Inland  
29 Marine Rate Regulatory Act.

30 (b) Policy form filings.--This act shall apply to all policy

1 form filings which are subject to review and approval by the  
2 commissioner under section 354 of The Insurance Company Law of  
3 1921.

4 Section 4. Additional information and notice.

5 (a) Insufficient information.--When a policy form or rate  
6 filing is not accompanied by sufficient information to allow the  
7 department to determine whether the filing meets the  
8 requirements of the applicable statutes governing the  
9 establishment of rates or policy forms, the department may  
10 require the insurer or rating organization making the filing to  
11 furnish additional information. A request for additional  
12 information under this subsection shall not operate to extend  
13 any time period set forth in section 5.

14 (b) Publication.--The department may publish notice of rate  
15 filings received for review under this act in the Pennsylvania  
16 Bulletin. The insurer or rating organization making a filing  
17 shall submit the form of notice for the Pennsylvania Bulletin as  
18 part of the filing.

19 Section 5. Waiting period for filings.

20 (a) Effective date.--Except as otherwise provided in  
21 subsection (b), no policy form or rate filing to which this act  
22 applies may become effective prior to the expiration of a  
23 waiting period of 60 days from the date the filing is received  
24 by the department. This 60-day period may be extended an  
25 additional 30 days by the commissioner upon written notice to  
26 the insurer or rating organization making the filing.

27 (b) Exceptions to waiting period.--The waiting period and  
28 extensions thereof required by subsection (a) shall not apply in  
29 the following circumstances:

30 (1) When an insurer or rating organization makes written

1 application, the commissioner may authorize a filing or part  
2 thereof which has been reviewed to become effective prior to  
3 the expiration of the waiting period or any extension thereof  
4 as provided in subsection (a).

5 (2) Any rate filing made with respect to a surety or  
6 guaranty bond required by law or by court or executive order  
7 or by order, rule or regulation of a public body, not covered  
8 by a previous filing, or any filing with respect to a  
9 contract or a policy covering any risk or kind of insurance  
10 or subdivision thereof for which classification rates do not  
11 generally exist in the industry, or which by reason of rarity  
12 or peculiar characteristics does not lend itself to normal  
13 classification or rating procedure, shall become effective  
14 when filed and shall be deemed to meet the requirements of  
15 this act and the act of June 11, 1947 (P.L.538, No.246),  
16 known as The Casualty and Surety Rate Regulatory Act.

17 (3) Under such rules and regulations as he shall adopt,  
18 the commissioner may, by written order, suspend or modify the  
19 requirement of rate filing as to any kind of insurance,  
20 subdivision or combination thereof, or as to classes of  
21 risks, the rates for which cannot practicably be filed before  
22 they are used. These orders, rules and regulations shall be  
23 made known to insurers and rating organizations affected  
24 thereby. Nothing in this paragraph shall be construed as  
25 prohibiting the commissioner from making such examination as  
26 deemed advisable to ascertain whether any rates which are  
27 subject to The Casualty and Surety Rate Regulatory Act, and  
28 the act of June 11, 1947 (P.L.551, No.247), known as The  
29 Fire, Marine and Inland Marine Rate Regulatory Act, meet the  
30 standards of section 3(d) of The Casualty and Surety Rate

1 Regulatory Act, and section 3(a)(2) of The Fire, Marine and  
2 Inland Marine Rate Regulatory Act.

3 (4) Specific inland marine rates on risks specially  
4 rated by a rating organization shall become effective when  
5 filed and shall be deemed to meet the requirements of this  
6 act and The Fire, Marine and Inland Marine Rate Regulatory  
7 Act, until such time as the commissioner reviews the filing  
8 and so long thereafter as the filing remains in effect.

9 (5) Any special rate as provided in section 3(a)(1) of  
10 The Fire, Marine and Inland Marine Rate Regulatory Act, on a  
11 contract or policy covering other than inland marine risks  
12 shall be deemed to meet the requirements of this act and The  
13 Fire, Marine and Inland Marine Rate Regulatory Act, until  
14 such time as the commissioner reviews the filing and so long  
15 thereafter as the filing remains in effect.

16 (6) Upon the written consent of the insured stating his  
17 reasons therefor, filed and approved by the commissioner, a  
18 rate in excess of that provided by a filing otherwise  
19 applicable may be used on any specific risk. The rate shall  
20 become effective when such consent is filed and shall be  
21 deemed to meet the requirements of this act and other  
22 applicable statutes governing the establishment of rates  
23 until such time as the commissioner reviews the filing and so  
24 long thereafter as the filing remains in effect.

25 Section 6. Frequency of rate filings.

26 An insurer or rating organization may not make a rate filing  
27 with an effective date of less than one year from the prior  
28 filing's effective date unless the written permission of the  
29 commissioner has been obtained.

30 Section 7. Action by commissioner on policy form and rate

1                   filings within waiting period.

2       (a) Action by commissioner.--Within the waiting period or  
3 any extension thereof as provided in section 5(a), the  
4 commissioner may, by written notice, approve, modify or  
5 disapprove a policy form or rate filing or schedule a formal  
6 administrative hearing on the filing. If a policy form or rate  
7 filing is approved or modified, it may become effective upon the  
8 expiration of the waiting period and any extension thereof as  
9 provided in section 5(a) or upon the effective date specified in  
10 the filing, whichever is later. If a policy form or rate filing  
11 is modified or disapproved, the commissioner shall state in what  
12 respects the filing or part thereof fails to meet the  
13 requirements of this act or other applicable law. A policy form  
14 or rate filing may be disapproved if an insurer or rating  
15 organization has not furnished additional information requested  
16 under section 4(a).

17       (b) Effective date pending hearing.--If a policy form or  
18 rate filing is scheduled for a formal administrative hearing  
19 under this section, the filing may not become effective until an  
20 adjudication is issued. An adjudication shall be issued within  
21 60 days after the close of the hearing.

22       (c) Interim rates.--Pending formal administrative hearing  
23 and adjudication under this section, the commissioner, upon  
24 petition of the insurer or rating organization making a rate  
25 filing, may specify interim rates that are established in an  
26 amount appropriate to protect the interests of all parties. The  
27 commissioner may order that a specified portion of the premiums  
28 be placed in an escrow account approved by the commissioner.  
29 When a new rate becomes effective, the commissioner shall order  
30 the escrowed funds or any overcharge in the interim rates to be

1 distributed appropriately.

2 Section 8. Review of commissioner's action taken without  
3 hearing.

4 (a) Request for hearing.--Any insurer or rating organization  
5 aggrieved by any order or decision of the commissioner made  
6 without a hearing, may, within 30 days after notice of the order  
7 to the insurer or organization, make written request to the  
8 commissioner for a hearing thereon. The commissioner shall  
9 schedule a hearing within 20 days after receipt of the request  
10 and shall give not less than ten days' written notice of the  
11 time and place of the hearing. Within 30 days after the close of  
12 the hearing or within such reasonable time extension as the  
13 commissioner shall fix, the commissioner shall affirm, reverse  
14 or modify his previous action, specifying his reasons therefor.

15 (b) Action pending hearing.--Pending hearing and  
16 adjudication, the commissioner may suspend or modify any prior  
17 action or any rate in effect and may order rates or policy forms  
18 under a prior filing to remain in effect.

19 Section 9. Action by commissioner on rate filings after waiting  
20 period.

21 If, at any time after the waiting period or extension thereof  
22 as provided in section 5(a), the commissioner finds that a rate  
23 filing does not meet the requirements of this act or other  
24 applicable statutes governing the establishment of rates or upon  
25 application by a person, other than the insurer or rating  
26 organization that made the filing, aggrieved by a rate filing  
27 for which the waiting period has expired, the commissioner  
28 shall, after a hearing held upon not less than ten days' written  
29 notice to every insurer or rating organization which made the  
30 filing, specifying the matters to be considered at the hearing,

1 issue an order specifying in what respects he finds that the  
2 filing fails to meet the requirements of this act or other  
3 applicable statutes governing the establishment of rates and  
4 stating when, within a reasonable period thereafter, the filing  
5 or portions thereof shall be deemed no longer effective, except  
6 as modified. The order shall be sent to every affected insurer  
7 and rating organization. The order can affect contracts and  
8 policies made or issued prior to the expiration of the period  
9 set forth in the order, such as by requiring adjustments,  
10 retroactive to the dates on which the policies or contracts were  
11 made or issued, of premium charges determined to be excessive or  
12 unfairly discriminatory.

13 Section 10. Deemed approvals.

14 A policy form or rate filing may be deemed to meet the  
15 requirements of this act and other applicable statutes governing  
16 the establishment of rates or policy forms unless disapproved,  
17 modified or scheduled for a formal administrative hearing by the  
18 commissioner within the waiting period or any extensions thereof  
19 as provided in section 5(a). The filing shall not become  
20 effective unless the department receives written notice of the  
21 insurer's or rating organization's intent to exercise the right  
22 granted under this section at least ten calendar days prior to  
23 the effective date.

24 Section 11. Hearing procedures.

25 All hearings shall be conducted in accordance with Title 2 of  
26 the Pennsylvania Consolidated Statutes (relating to  
27 administrative law and procedure).

28 Section 12. Rules and regulations.

29 The department may adopt such rules and regulations as are  
30 reasonably necessary to carry out the purposes of this act. Each



1 rule or regulation of the department in effect on the effective  
2 date of this act shall remain in effect until repealed or  
3 amended. Rules and regulations shall be promulgated in  
4 conformity with the provisions of the act of July 31, 1968  
5 (P.L.769, No.240), referred to as the Commonwealth Documents  
6 Law, and the act of June 25, 1982 (P.L.633, No.181), known as  
7 the Regulatory Review Act.

8 Section 13. Repeals.

9 (a) Specific repeals.--The following acts and parts of acts  
10 are repealed to the extent specified:

11 Section 354 of the act of May 17, 1921 (P.L.682, No.284),  
12 known as The Insurance Company Law of 1921, insofar as it  
13 specifies a procedure for review by the commissioner of policy  
14 form filings not yet approved or modified.

15 Section 616 of the act of May 17, 1921 (P.L.682, No.284),  
16 known as The Insurance Company Law of 1921, insofar as it  
17 specifies a procedure for review by the commissioner of rates  
18 and policy forms.

19 Section 654(b) and (d) of the act of May 17, 1921 (P.L.682,  
20 No.284), known as The Insurance Company Law of 1921, insofar as  
21 it specifies a procedure for review by the commissioner of rate  
22 filings.

23 Section 654(f) of the act of May 17, 1921 (P.L.682, No.284),  
24 known as The Insurance Company Law of 1921, absolutely.

25 Sections 737(d), (e), (f) and (g), 740 and 749 of the act of  
26 May 17, 1921 (P.L.682, No.284), known as The Insurance Company  
27 Law of 1921, absolutely.

28 Section 742 of the act of May 17, 1921 (P.L.682, No.284),  
29 known as The Insurance Company Law of 1921, insofar as it  
30 relates to review procedures, waiting periods, and effective

1 dates of deviation filings.

2 Sections 4(d), (e), (f) and (g), 5 and 17 of the act of June  
3 11, 1947 (P.L.538, No.246), known as The Casualty and Surety  
4 Rate Regulatory Act, absolutely.

5 Section 7 of the act of June 11, 1947 (P.L.538, No.246),  
6 known as The Casualty and Surety Rate Regulatory Act, insofar as  
7 it relates to review procedures, waiting periods, and effective  
8 dates of deviation filings.

9 Sections 4(d), (e), (f), (g) and (h), 5 and 16 of the act of  
10 June 11, 1947 (P.L.551, No.247), known as The Fire, Marine and  
11 Inland Marine Rate Regulatory Act, absolutely.

12 Section 7 of the act of June 11, 1947 (P.L.551, No.247),  
13 known as The Fire, Marine and Inland Marine Rate Regulatory Act,  
14 insofar as it relates to review procedures, waiting periods, and  
15 effective dates of deviation filings.

16 Section 16 of the act of December 5, 1974 (P.L.782, No.263),  
17 entitled "An act amending the act of June 2, 1915 (P.L.736,  
18 No.338), entitled, as amended, 'An act defining the liability of  
19 an employer to pay damages for injuries received by an employe  
20 in the course of employment; establishing an elective schedule  
21 of compensation; providing procedure for the determination of  
22 liability and compensation thereunder; and prescribing  
23 penalties,' further defining 'maximum weekly compensation  
24 payable' and 'the maximum compensation payable per week'; making  
25 the act compulsory and providing for actions at law for damages  
26 for certain noncompliance; providing for extraterritorial  
27 coverage; changing the waiting period and payments in connection  
28 therewith, computation and distribution of certain compensation  
29 and agricultural labor coverage; and incorporating certain  
30 existing coverages with changes as to computation of

1 compensation thereunder," absolutely.

2 (b) General repeal.-- All acts and parts of acts are  
3 repealed insofar as they are inconsistent with this act.

4 Section 14. Applicability.

5 This act shall apply to all filings made on or after the  
6 effective date of this act.

7 Section 15. Effective date.

8 This act shall take effect in 30 days.