

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1839 Session of
1989

INTRODUCED BY ADOLPH, MANDERINO, TRELLO, CIVERA, VEON, FREIND,
RAYMOND, ROBBINS, BILLOW, HECKLER, E. Z. TAYLOR, MICOZZIE,
TIGUE, D. F. CLARK, TELEK, DURHAM, FLICK, R. C. WRIGHT,
J. TAYLOR, FLEAGLE AND DIETTERICK, SEPTEMBER 18, 1989

REFERRED TO COMMITTEE ON INSURANCE, SEPTEMBER 18, 1989

AN ACT

1 Amending the act of July 22, 1974 (P.L.589, No.205), entitled
2 "An act relating to unfair insurance practices; prohibiting
3 unfair methods of competition and unfair or deceptive acts
4 and practices; and prescribing remedies and penalties,"
5 adding to unfair methods of competition.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Section 5(a) of the act of July 22, 1974
9 (P.L.589, No.205), known as the Unfair Insurance Practices Act,
10 is amended by adding a paragraph to read:

11 Section 5. Unfair Methods of Competition and Unfair or
12 Deceptive Acts or Practices Defined.--(a) "Unfair methods of
13 competition" and "unfair or deceptive acts or practices" in the
14 business of insurance means:

15 * * *

16 (14) Engaging, for the purpose of investigating a claim,
17 determining liability or recommending any other action by the
18 insurer whatsoever relative to an insurance policy, any natural

1 person or business entity which is currently in the employ of,
2 or under contract with, the insured or any subsidiary or
3 affiliated group thereof, or which has had such relationship
4 with the insured, its subsidiaries or affiliates during the
5 preceding twelve months. Such practice, in addition to being an
6 unfair or deceptive act, is a conflict of interest; and any
7 action taken on any claim based either in whole or in part on
8 information or recommendations derived in this manner shall be
9 void, and a redetermination of liability shall be made subject
10 to review by the commissioner.

11 * * *

12 Section 2. This act shall take effect immediately.