

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2839 Session of
1990

INTRODUCED BY CHADWICK, McVERRY, JACKSON, G. SNYDER, GODSHALL,
COY, NOYE, D. W. SNYDER, TRELLO, SEMMEL, MERRY, LEH,
TANGRETTI, CARLSON, STABACK, HESS, D. F. CLARK, B. SMITH,
BRANDT, MELIO, COLE, JOHNSON, BUSH, MORRIS, RUDY AND
MICHLOVIC, JULY 1, 1990

REFERRED TO COMMITTEE ON INSURANCE, JULY 1, 1990

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An
2 act relating to insurance; amending, revising, and
3 consolidating the law providing for the incorporation of
4 insurance companies, and the regulation, supervision, and
5 protection of home and foreign insurance companies, Lloyds
6 associations, reciprocal and inter-insurance exchanges, and
7 fire insurance rating bureaus, and the regulation and
8 supervision of insurance carried by such companies,
9 associations, and exchanges, including insurance carried by
10 the State Workmen's Insurance Fund; providing penalties; and
11 repealing existing laws," further providing for prohibited
12 policy provisions.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 Section 1. Section 653 of the act of May 17, 1921 (P.L.682,
16 No.284), known as The Insurance Company Law of 1921, amended
17 October 4, 1975 (P.L.346, No.100), is amended to read:

18 Section 653. Prohibited Policy Provisions.--(a) No policy
19 of insurance against liability under "The Workmen's Compensation
20 Act of nineteen hundred and fifteen," and acts amendatory
21 thereof or supplementary thereto, or under "The Pennsylvania

1 Occupational Disease Act of nineteen hundred and thirty-nine,"
2 and acts amendatory thereof or supplementary thereto, shall
3 contain any limitation of the liability of the insurer to an
4 amount less than that for which the insured employer may become
5 liable under such acts during the term of such insurance. No
6 such policy or contract of insurance, nor any agreement to
7 deliver such insurance, shall be issued except upon a form
8 approved by the Insurance Commissioner as complying with all the
9 terms and provisions of this act. But a policy may be issued to
10 a self insurer, qualified under section three hundred five of
11 article three of "The Workmen's Compensation Act of nineteen
12 hundred and fifteen," and acts amendatory thereof or
13 supplementary thereto, or under section three hundred five of
14 article three of "The Pennsylvania Occupational Disease Act of
15 nineteen hundred and thirty-nine," and acts amendatory thereof
16 or supplementary thereto, providing for the payment of any
17 stated loss in excess of ten thousand dollars falling upon such
18 self insurer, under the terms of the said acts, by reason of any
19 single accident or by reason of any single occurrence resulting
20 in disability from occupational disease.

21 (b) Except for nonpayment of premiums, no policy of
22 insurance issued or renewed against liability under the act of
23 June 2, 1915 (P.L.736, No.338), known as "The Pennsylvania
24 Workmen's Compensation Act," and acts amendatory thereof or
25 supplementary thereto; or under the act of June 21, 1939
26 (P.L.566, No.284), known as "The Pennsylvania Occupational
27 Disease Act," and acts amendatory thereof or supplementary
28 thereto; or under the Federal Coal Mine Health and Safety Act of
29 1969, as amended, Pub.L.91-173, December 30, 1969, 83 Stat. 742
30 et seq.; or insuring an employer against liability for all sums

1 such employer shall become legally obligated to pay any employee
2 of his as damages because of bodily injury by accident or
3 disease, including death at any time resulting therefrom,
4 sustained by such employee arising out of and in the course of
5 his employment, may be cancelled or terminated by an insurer
6 during the term of the policy.

7 (c) The term "nonpayment of premiums," as used herein, shall
8 mean the failure of the named insured to pay when due any of his
9 obligations in connection with the payment of premiums on a
10 policy, or any installment of the premium, whether the premium
11 is payable directly to the insurer or to its agent or broker or
12 indirectly under a premium finance plan or extension of credit,
13 or the failure of the named insured to maintain membership in an
14 organization if membership in such organization is a condition
15 precedent to acquiring or maintaining coverage under the policy.

16 Section 2. This act shall take effect in 60 days.